FINANCIAL TIMES

Start the week with...



Melvyn Weiss Master of the class

action suit

Monday Profile, Page 8



MONDAY DECEMBER 29 1997

Business tribes MBAs threaten



Kenyan election Moi's last

World Business Newspaper http://www.FT.com

WORLD NEWS

墨斯斯·勒达特主英亚大Americal

Marie Marie of the same

******* ** * 1. 164 - .

Alle Profes

214 ·

September 1

the weathern and

हेल्ला डिक - ५० — · · ·

Bankson - -والمناوينية

1. A I --- 10

Service Company of the

= ----

Alterial Control The state of the state of the state of

Fig. 1. Sec. 1. Sec.

3000

Mechanic

National Island

appetts of the

TANKS IN THE STATE

Specific Control of

garling on the second

grander er er er er April 1 y y Walantin

and the second second

The second second second

المراجع المواصيع ক্ষেত্ৰ সংক্ৰম সংগ্ৰহ STAYAT ... 145 miles 1944 1944

ga, 4 18 - 4

企 节节线

gg garagain

(4. ···) v / / / /

sen 112 and

ALPRES OF THE STREET

The state of the state of PART WAS CHILD

Brazilian claims \$500,000 loss on Danish forex scheme

A Brazilian man claims to have lost nearly \$500,000 he seni to a Copenhagen-based company for speculation on his behalf in the foreign exchange market. The company, trading now as Market Forces, is not authorised in any European Union country. Page 10

icotland-France freight link The UK government welcomed a decision by Railtrack to press ahead with a £220m (\$363m) scheme for an upgraded freight route to link Glasgow in Scotland with the Channel tunnel in southern England. Page 4

iget threat to Netanya Israel's prime minister Benjamin Netanyahu came under fresh pressure from his nationalist and religious coalition partners to increase spending or face defeat in Thursday's parliamentary vote on next year's budget. Page 10

Spain to repay civil war debt Spain is to make reparations for seized assets of the losing side in the Spanish Civil War, nearly 60 years after the end of the war. Page 2

Europe: State of the Union The next six months should lay the groundwork for the most dra matic transformation of the Euro pean Union since its foundation. Negotiations will begin to prepare its historic eastward expansion, while members choose the founders of a single currency to be launched on January 1 1999. Next Monday, a special pull-out supplement of the Financial Times will examine the chal-lenges facing the Union and Britain's Labour government, which will hold the EU presidency for the next six months.

Clinton to seek tax cuts US president Bill Clinton will again seek modest tax cuts aimed at middle-income families when he announces budget proposals early next year, said Rahm Emanuel, his senior adviser for policy and strategy. Page 2

Mayor held over massacre Mexican authorities have arrested the mayor of the town in peasants were killed last week, and have accused him of arming the paramilitary gunmen who carried out the massacre. Page 10

Chinese envoy in South Africa China's vice premier and foreign minister Qian Qichen arrived in South Africa for a state visit and meeting with President Nelson Mandela that will culminate in establishment of diplomatic ties between their countries. Page 3

Cambridge seeks private fees UK pupils from private schools would have to pay a premium to attend Cambridge University under radical proposals to be unveiled next month. Page 4

Survey into BSE sheep fink A UK survey of 3,500 farms aimed at establishing whether bovine spongiform encephalopathy (BSE) has spread to sheep is to be undertaken in the new year. Colleges and private companies have been invited to conduct a confidential postal questionnaire.

Crack in Japanese opposition Japan's opposition fragmented further when its largest grouping, the New Frontier party, or Shinshinto, voted to dissolve itself. Page 3

Paul Getty becomes UK office Billionaire J. Paul Getty II has revoked his US citizenship and been granted a UK passport after 25 years living there. Page 4

D.Krone Schilling D-Mark Gulidar

BUSINESS NEWS

Sibneft pays \$88m tax bill to avert seizure of **Omsk refinery**

Sibneft, Russia's fourth largest oil company, said it had paid an outstanding Rhs 513bn (\$83m) tax bill on Christmas Day, averting the threatened seizure of its largest refining subsidiary at Omsk.
Sibneft became the first Russian company to tap the international debt markets in August, issuing a \$150m Eurobond. Page 11

US publishers and information providers increasingly plan to start charging for access to infor-mation they make available on the internet. Page 11

Lioyd's of London will get most of its capital from corporate sources for the first time in 1998, after a 30 per cent fall in the number of Names, the individuals whose assets have traditionally supported the insurance market. Page 4

Critchley Group, maker of cable identification products and com-ponents for electrical and telecoms sectors, has acquired French specialist manufacturer Groupe Riondet-Malbert for FFr77m (£7.8m), Page 12

Donaldeon Lufkin & Jenrette, US investment bank, is expanding its presence in eastern Europe. It intends to focus on debt and equity capital markets, mergers and acquisitions, and private equity. Page 13

Vymera, the wallcoverings manufacturer, has signed a licensing agreement with Italian multinational fashion house Benetton to produce a range for the UK market Page 12 market, Page 12 Xin Hua Estate, an arm of Xinhua - China's state news

agency and traditional political base in Hong Kong – has failed to pay HK\$1.12bn (\$150m) to com-plete the purchase of new offices in the former colony. Page 11 Australian securities authorities are set to widen their probe into financial problems and possible breaches of disclosure rules at

Crown Casino. Page 13 BraziFa finance ministry has agreed with the government of São Paulo to refinance R\$59.6bn (\$53.5bn) of the state's debt. The deal includes the purchase of

China has issued new rules to increase transparency of listed companies' annual reports, demanding clearer financial reporting and more details of shareholding changes. Page 3

Samua Bank of Japan is to boost its stake in Thailand's fourth largest bank, Siam Commercial Bank, from 0.6 per cent to about 13 per cent. Page 13

Micro Focus, the software house quoted in London and on Nasdaq, has agreed to buy XDB Systems of the US. Page 12 Vietnam has introduced its first

currency swap market in a bid to prise dollar holdings away from foreign banks and help local banks meet short-term trade

Sebi, India's financial regulator, has put off publication of its blue-print for India's first futures mar-ket after a wrangle over wording of the text. Page 13

can Lewis, former head of the UK's Mercury Communica-tions, is to return to the telecoms sector as one of two executive vice presidents at SITA Telecommunication Holdings. Page 11

Talwan is to raise the ceiling on foreign investment allowed in domestic shares from 25 per cent of total market capitalisation to 30 per cent, early in the new

> The chart shows the member currencies of the exchange rate

mechanism measured against the

weakest currency in the system.

Most of the currencies are per-

mitted to Suctuate within 15 per

against the other members of the mechanism. The exceptions are

cent of accept central rates

· the D-Mark and the guilder which

move in a 2.25 per cent bend.

Dec 24 1997:

The Spanish peseta replaced the Finnish maridua in third place in the EMS grid in

© THE FINANCIAL TIMES LIMITED 1997 No.33.484

London · Leads · Paris · Frankfurt · Stockholm · Madrid · New York

central rates and traders on holiday, moves were minute. Currencies, Page 17

G7 banks to discuss ways of helping South Korea

Criticism in Washington over handling of the crisis

By Gerard Baker in Washington and Richard Waters in New York

Commercial banks from the Group of Seven industrialised nations are due to hold a series of meetings today to consider how to help South Korean companies meet foreign currency obligations that still threaten the financial stability of the world's 11th largest economy.

The meetings reflect tha

increasing pressure on international banks to play a leading role in the Korean bail-out, and come as criticism mounts in way the crisis has been handled. Late last week the Korean won soared and stock prices rose sharply after the G7 governments

and the International Monetary Fund agreed to speed up the handing over of \$10hn from the \$57hn in assistance promised to South Korea. But that support was only part of a broader public and private sector package, with commercial banks expected to help in sharing up the country's liquidity, something not all of them have agreed to do.

Eisuks Sakakibara, the Jspanese finance ministry's vice-minisier for international affairs, said yesterday the bank meetings, which have been called at the prodding of national central banks and finance ministries, would consider bow to tackle the banks' hesitation in lending more to South Korea and to roll over their existing loans.

Bankers in the US, where the be concentrated in a handful of kets. banks, said they expected existing loans to be rolled over, but it was too early to say whether private sector institutions would advance new money as well. "You first have to maintain the (existing credit) lines, before seeing what can be done next," one US bank said yesterday.

Industry analysts, though, said the banks were likely to come under increasing political pres-sure to lend more money to ease the country's liquidity crisis. "One of the complaints we are going to hear is of a big bank bail-out," said Bert Ely, a US

banking consultant. The US banks will be meeting against a background of mounting political hostility to the growing cost of bailing out Asian economies. The Clinton administration is to seek support from Congress early in the new year for funds to replenish the IMF's Washington and elsewhere of the resources. A group of Democrat congressmen will next week pro-pose legislation that would deny extra funding to the IMF without a commitment to improve labour conditions and buman rights in the countries receiving IMF assis-

> Some Republicans have also expressed open hostility to the actions of the US and the IMF. But there seems little immedi-

ate threat that political pressures will prevent the US from providing the financial support for South Korea to which it is committed. The US will release early next month \$1.7bn from a total commitment of \$5bn to the Korean bail-out. But that money will come from a special Treasury resource, the exchange stabilisation fund which the Treasury secretary may use without the need for approval from Congress. This fund has as much as \$30bn in total assets that can be deployed with the general aim of stabilis-

The IMF said yesterday it needed to revisw its economic forecasts for South Korea in the light of the won's steep fall.

Union casts shadow, Page 3



Kenyan Democratic party presidential candidate Mwai Kibaki arrives for a rally in Nairobi attended by 10,000 supporters ahead of today's election. President Daniel arap Moi is tipped to win the second multi-party poll in the country's history Three killed, Page 2; Moi's last burrah, Page 8

Ulster paramilitary murders spark fears for peace process

By John Murray Brown in Dublin and George Parker in London

British and Irish ministers yesterday appealed for calm, after weekend tit-for-tat murders threatened to derail the Northern Ireland peace process and return the province to its cycle of sectarian violence.

Police stepped up surveillance of Roman Catholic bars, churches and hotels in Northern Ireland, amid fears of a loyalist massacre in revenue for the mur-Wright, a loyalist paramilitary leader, by a republican splinter

Detectives believe a loyalist gang who later shot and killed doorman Seamus Dillon near Dungannon, Co Tyrone, bad Ms Mowlam has made too many communities. planned to open fire on a concessions to republicans in ber crowded disco just yards from search for a lasting peace settlewhere he was on duty.

Mr Dillon, 45, was an ex-republican prisoner who had served a life term for IRA murders. Two According to Kim. Page 9 other doormen and a 14-year-old Editorial Comment, Page 9 | bar attendant were also hit. Lex, Page 10 | "It is a dangerous time. It is a restraint, the government's pre-

testing time, and I do not under- occupation last night was to estimate the seriousness of it." said Mo Mowiam, the UK's Northern Ireland secretary.

The crisis was sparked by the sbooting on Saturday of Mr Wright, known as King Rat. inside the high-security Maze The Irish National Liberation

Army, an extreme republican faction, claimed responsibility for the murder.

Mr Wright's former associates in the breakaway Loyalist Volder in the Maze prison of Billy nnteer Force, who confirmed Wright, a loyalist paramilitary their involvement in the Dungannon shooting, warned of more bloodshed to avenge the death of their former commander. Unionist politicians, who claim the peace process in

ment, stepped up calls for ber resignation, but Downing Street said she had the full support of Tony Blair, the prime minister. With Bill Clinton, the US presi-

not just for Northern Ireland bui for the Republic, The Loyalisi Volunteer Force bas in the past carried out a number of botched bomb attacks in Dublin and elsewhere in retaliation for IRA

ensure the main republican and

loyalist terror groups stick to

Bertie Ahern, Irlsb prime min-

ister, said be was "very con-

cerned" about the implications

their ceasefires,

The breakdown in security is donbly embarrassing coming as it does as 160 loyalist and republican inmates are out on extended Christmas parole one of ibe governmeni's measures to build confidence in

While the LVF and INLA both oppose the current Stormont negotiations, security officials fear a vicious fend between these two splinter groups could easily spill over, forcing the IRA and its loyalisi rivals to abandon dent, adding his voice to calls for their ceasefires and resume the

Hong Kong to slaughter chickens in anti-flu move

By Louise Lucas in Hong Kong

Hong Kong's chicken population of more than lm is to be slaughtered as part of the government's campaign to contain the spread

of deadly "bird fin". The virus, formally named people in the territory; a further

eight cases have been confirmed and eight more are suspected. The mysterious flu strain, which migrated from birds to

bumans in May, has spread panic in Hong Kong. Experts from around the world have flown in to determins key issues, such as how the virus is spread, but until they reach conclusions Hong Kong residents are playing safe.

Among other things, this has meant avoiding chicken. Even feasts that traditionally feature the bird, such as last week's winter solstice, were re-fashioned and chicken sellers have reported drastically reduced sales.

Hospitals have been inundated influenza A H5NI, has killed four with patients over the holiday period. Bird flu symptoms are similar to those accompanying more common flu, such as fever and sore throats, prompting many to seek professional help when they might normally have reached for an aspirin. Tourism, an ailing part of the

economy even before the advent Continued on Page 10

Xinhua fails to pay, Page 11

Inside

COMMENT

 All change in Korea Editorial Comment, Page 9 Asia's impact on world stocks Editorial Comment, Page 9

ANALYSIS

 Bavaria breaks the gridlock Page 2 • Institutious on the edge

Page 8 • France's battle against correption Christmas week. However, with currencies increasingly converging towards their

THIS WEEK

 Laureion the lacourage Page 6

ARTS

 Playing what they want to hear Page 7



Savarian premier Edmund Stoiber aims to shake up Germany. Page 2

COMPANIES & FINANCE

• Greater water pressure in UK

ECONOMICS

• Staving out of Engl Page 6 • Reforming the rouble

FT.com: the FT web site provides updated news and an updated archive of back articles at http://www.FT.com

Page B

International 2-4 Guide to the Week 26 Arts 7 Letters 8 Companies 12-13 Currencies 17 Bonds 16 World Equities 23-25



NOW ON

AUSTIN REED

Turkish-Italian ties strained over Kurds

interior ministar, said the

world should "recognise the

rights of the Kurdish people"

and urged Turkey to "work

Events of the past few days have indicated that Turkey's war against Kurdish separatists is losing the country valuable support in Italy, one of its few friends in the European Union.

After a Turkish ship carrying over 800 Kurdish refugees ran aground off the sonthern coast of Italy on Friday night. Roms callad for an "urgent international initiative" to end fighting in the Kurdish regions of sonth-eastern Turkey and northern Iraq.

However, a Turkish diplomat said Ankara was likely the end." He said nearly to come out today with a sharp rejection of outside ians, soldiers and separatist interference in Turkey's 13-

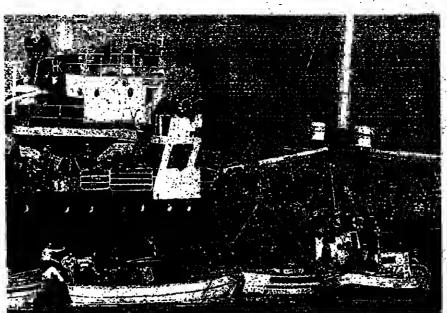
seriously" to stop illegal Kurdish immigration into Europe. He said "the greater Kurds now arriving constitute a difficult problem not just for Italy but for many countries in the European Union. Speaking at the weekend,

apparently before hearing of Mr Napolitano's remarks, Stileyman Demirel, the Turkish president, said Turkey was "determined to defend our territorial integrity until 37,000 people, including civilguerrillas of the Kurdistan year-old war against Kurdish Workers' party (PKK) had separatists.

missed demands, including those made by its friends in the US and the EU, for political and cultural concessions to end the Kurdish uprising. The politically powerful numbers of Iraqi or Turkish military has vowed that it will not allow the country to he divided. It has rejected plans to ease tight central control over the large Kurdish minority, even when pro-

> ish leaders, including Mesut Yilmaz, the prime minister. However, the hardline policy has alienated opinion towards Turkey in Europe and contributed to the EU's decision at the Luxembourg summit this month to deny the country equal treatment with 11 other applicant countries. Mr Yilmaz broke off political dialogua with the EU and said ha would with-

posed by conservative Turk-



draw Turkey's application patrols have nicked up thou fication of Turkey's unless the EU reconsidered its policy by June. Emigration by Turkish and Iraqi Kurds fleeing violencs and poverty in the Kurdish ragions has increased sharply this year. Greek and Italian border

sands of refugees leaving Turkey, usually having paid large "fees" to criminal networks to smuggle them into

Kurdish organisations

operations against the PKK in northern Iraq this year. The Iraqi government lost control of its Kurdish enclave following the 1990 Gulf war, when Kurdish warwarned of a rise in illegal lords seized power, with sup-

Some of the 800 Kurdish immigrants aboard the ship which ran aground off Italy.

Bavaria defies German sense of gridlock

Edmund Stoiber, the 'free state's' prime minister, seems determined to shake up the country

mas, in a time-honoured ritual, the German language society named its "word of the year" for 1997. Its choice, Reformstou, which translates as "reform blockage" or "gridlock", summed up the frustration of politicians. commentators and ordinary citizens after a wearing year of scant progress towards solving the country's problems of mass unemployment, under-investment and over-

But there is one part of Germany where the sense of gridlock is absent. Bavaria, the independently minded federal state in Germany's south-east, is on a high, with Edmund Stoiber, the "free state's" prime minister. determined to shake up the from Bavaria to other states.

has launched a series of initiatives and proposals in the past three months that aim to curb the power of nationwide institutions and increase the responsibility of Germany's regions for their own affairs.

Affluent Bavaris, together with its neighbour, Baden-Württemberg, has taken ths first steps towards mounting a constitutional challenge to Germany's system of fiscal equalisation, which forces rich states to transfer tax revenues to poor states,

Mr Stoiber has opened a debate in Bavaria's ruling Christian Social Union (CSU) party on the regionalisation of Germany's social security system, to limit a further drain of financial resources Bavaria is determined to Under the banner of carve out a separate identity

hortly before Christ- "regionalisation", Mr Stoiber in education policy, with Mr eral state on an ego trip". Stolber chaffing against the fixing of nationwids standards "of the lowest common denominator" through the present system of consensus among Germany's 16 state education ministers.

He also says that Bayaria should have the right to subaidise its structurally weak regions without European Union interference and that agricultural policy in the EU should be regionalised to safeguard the state's rural

r Stoiber's offensives have lend sives have left in shock. Newspaper headlines dubbing him "the Alpine king" suggest that he has got too big for his boots. The Munich-hased Suddescribed Bavaria as a "fed- cal gains in the run-up to the regions, such as Bavaria,

The prime minister's ideas for more regional responsibility for health, unemployment and long-term residential care insurance have met a particularly hostile recep tion. They have been criticised as a threat to the concept of social solidarity, which is central to the political philosophies of the Christian Democratic Union of Helmut Kohl, the German chancellor, and the Social Democratic party, the main opposition. On this issue, Mr Stoiber has even encoun-tered opposition inside the CSU from Horst Seehofer,

accused Mr Stoiber of parochialism and populism and deutsche Zeitung recently of trying to make easy politi- the tide of history in which

the Bonn health minister

and a politician with strong

September 13, in which he renewal of the CSU's absolute majority in the state

Critics say Bavaria, with unemployment of around 7 national average of 11.8 per cent and nearly 20 per cent in eastern Germany, is being greedy in wanting to over-turn long-established fiscal and social security arrangements. If Mr Stolber gets his way, Bavaria stands to save more than DM5bn (\$2.8bn) a year at the expense of other deral states.

Bnt Mr Stoiher's aides insist the regionalisation backing in the party, drive "is not an election gim-Political opponents have mick". Mr Stoiber denies his initiatives are parochial. He believes he is moving with

Ravarian state election on have to adapt to developments such as European ecowill seek re-election and a nomic and monetary union. "There is a renaissance of subsidiarity," he says. "The bigger the European Union,

the less it will be capable of operating along the centralner cent compared with a ised lines of France, Europe will have a much stronger regional component. Logically, Mr Stoiher's ideas point to radical change

in Germany's constitutional architecture. As such, they should fall natural victims to the nation's Reformston.

But Mr Stoiber, as leader of Germany's economically most successful and cultur ally most cohesive state, is not to be under-estimated. It may be that he has seen in the euro a factor for change so far unrecognised by other German politicians.

Peter Norman

modest tax cuts By Jonathan Wheatley in São Paulo for middle class

By Gerard Baker In Washington

US President Bili Clinton ify their bold on both houses wili again seek tax cuts of Congress. aimed at middle-income American families when he announces his budget proposals early next year, a senior White House official

said yesterday. Rahm Emanuel, the president's senior adviser for policy and strategy, sald Mr those proposals are contro-Clinton would propose a versial even among Republi-number of tax reductions, cans and may not materialfocused around a central ise for many years, if at all. plan to provide extra relief for child care costs for familles where both parents licans is the opportunity to work. "Reduce the deficit. Introduce a significant tax Give middle class families a targeted tax cut. That's lowing this year's cut in the going to be the approach and it will all be paid for," he told NBC News.

Mr Clinton will kick off the 1998 budget process by presenting his proposals to

Congress in early February. plan for child care related tax cuis are unlikely to satisfy congressional Republicans, who are cager to use the prospect of the first federal budget surplus in nearly 30 years to legislate much

enhanced by the enticement close to balancing. FINANCIAL TIMES

Published by The Fernmand Times (Europe: GmbH). Whether group into 1, 1000 Frank-fort are Many, German, Telephone 1994 1995 for 1994 1995 for 1994 1995 for 1994 1995 for 1994 होट एड्रमंद्रको अ क्षेत्र भागत अधिएक

GERMAN:
Responsible for Adventuring centers. Colon
A Kemand, Printer, Hamitel Infantational
Verlagersediachast mible, Advantableouridafe Service in 1976 New Journal (ISN)
0714-7163. Responsible Editor, Richard
Lambert, clo The Francial Times Limited.
Number One Southwark Bridge Lendon
SEI 9HL. FRANCE

PRACTE: Publisher P. Martingta, 42 Rue La Boetz, 1905 PARIS Telephore (90) 975 8254. Fan (00) 975 8255 Penter S.A. Nord Echan, 1922 Rud de Carre, 1,9105 Redwin Codes 1 Edwir Redind Lambert, 198N 1148-1753. Communication Partition No. 970-920.

Responsible Publisher Hugh Carnett 415 619 6075 Primer AB Kaulistdingen Expressen, PO Box 8077, \$-550 do. John pare arranged

of The Findsocal Times Limited 1997.
Edear Richard Lambert, co-The Financial
Times Limited Number One Scathwark
Bridge, Lordon SEI 4HL.

of mid-term congressional elections in November, in which they will seek to solid-

The Republican leadership is pressing for wholesale reform of the tax code as a longer-term aim, involving the replacement of the current progressive income tax system with either a flat tax or a national sales tax. But Much more promising for many Congressional Repub-

reduction immediately, folcapital gains tax. Their efforts have been helped by a much faster than anticipated fall in the

fiscal deficit. This year's budget agree-ment between the White But his relatively modest House and the Congress envisaged a balanced budget by 2002, but economic growth and tax revenues have been so strong, and inflation so weak, that the surplus is likely to come mucb sooner. In the 12 bigger tax reductions. Their months to October, the Treaentbusiasm for wide-ranging sury has reported that fedtax cuts will be further eral finances were already by parliament, but is not the weekend that it had no (POUM), the Trotskyist

Clinton to seek | Way cleared for Banespa sale stats hanks have been a con- Banesna's sale in January.

Brazil's finance ministry has the government of São Paulo debt. The deal includes the cit. purchase of Banespa, the state's troubled bank, clearing the way for its privatisation, probably next year. It ratifies a preliminary

and approved by the Senate called it "an important step debt as a whole".

tinual problem for Brazil's public financss. The deal should help the country signed an agreement with restrain high borrowing at the state level, and thus conto refinance R\$59.6hn tributs to cutting Brazil's (US\$53.5hn) of the state's stubbornly high budget defi-

Under the agreement, the taken on debts which were worth about R\$51bn in May and which have since agreement reached in May to about R\$59.6bn. It also paid R\$343m for 51

last month. The ministry per cent of Banespa and took control of Fepasa, the state's in balancing state finances railway company, and Ceaand in controlling public gesp, an agricultural distribution company. The minis-The bad debt problems of try said it would probably since grown because of high being privatised bave Banespa and other smaller issue tender documents for interest rates. Mr Quercia increased

and the state's savings bank, Nossa Caixa. The deal stipulates that the state must repay 20 per cent of this debt stiff resistance from some by next May.

took over its management after the failure of the state government to make loan repayments.

up under the governorships The shares have gained 658 of Orestes Quércia (1987-91) per cent since January, as and his protegé Luiz Antonio Fleury (1991-1995) and has down and the chances of its

About three-fifths of São ised by a parliamentary Paulo's deht is in the form of inquiry in 1985 for allegedly hank loans from Banespa using Banespa to finance operations benefiting political and business allie

The government has faced governors to the idea of sell-Banespa's future has been ing their banks, but the profedaral government has in doubt since Decembar cess began this year with 1994, when the central hank sales of Banerj, the Rio de Janeiro state bank, and Cre-

Trading in Banespa's shares was suspended on Much of the debt was built Friday at the bank's request. the bank has been slimmed

Spain to settle civil war 'debt'

The Spanish government has decided to make reparations to the losing side in the support for the minority gov-Spanish civil war, nearly 60 years after the conclusion of bostilities.

that seeks to restore property and bank accounts to "The law settles a debt owed by democratic Spain," said The decree has to be passed

the main beneficiaries.

The centre-right government has issued a decree groups, trade unions and the months ahead. bumanitarian organisations such as Socorro Rojo (Red the confiscations were carthe losers in the 1936-39 war. Aid), whose assets were ried out by General Franseized during and after the cisco Franco, who gained war, have a year to put for-Miguel Angel Rodriguez, the ward claims for what they government's spokesman, estimate is due to them.

by the Basque Nationalists has indicated that the total who provide parliamentary owed to it is likely to be in the region of Pta5bn (\$33m) . ernment of José Maria Aznar The law is likely to open a party. and now stand to be one of Pandora's Box of claims and counter-claims and keep

> One problem is that not all power in the civil war and died in 1975. For example, the Unified

trouble. The law was urged arations was likely to be, but writer George Orwell fought, on the ruling Popular party the Basque Nationalist Party were seized by the Republican government midway through the war at the bidding of the Communist

Possibly anticipating such embarrassments, the Communist party said it was in no position to make claims, because it held only a few small bank accounts when the civil war ended.

Further controversy is ficiaries might be, since militias such as the Iberian The government said at Marxist Workers' party Anarchist Federation (FAI) expected to encounter any idea what the cost of the rep- group with which the British since ceased to exist.

Dubious party funding ruffles France

By Andrew Jack in Paris

When the French appeals conrt stripped a senior Socialist politician of his parliamentary seat earlier this month, the decision sent a shock wave around the nation.

The action taken against Henri Emmanuelli, chairman of the National Assembly finance commission. marks a significant victory for French magistrates, it also closes a chapter on the dubious financing methods used by most of the country's political parties until the start of the 1990s.

For some, the judgment 18-month suspended prison sentence, a FFr30,000 (\$5,050) fine and withdrawai of his civic rights including elected government were taken by slon. He argues now that a introduced in 1990 banning shown its ability to go office for two years - was



Jospin: showed solidarity

too harsh. Despite his conviction for receipt of funds used for influence peddling don. But in the wake of the around the country to fill its against Mr Emmanuelli - an while Socialist party treasurer, there was no evidence of personal corruption.

Senior members of the surprise by the decision. Lio-meeting is no longer neces-corporate donations and pla-

ter, cancelled meetings at has agreed to resign. sbort notice to sbow his Mr Emmanuelli. But the Socialists were equally taken aback by the outrage pro- of the judiciary are high on voked by their sympathy for the former party official. The biggest outcry was caused by hasty remarks ing. made by François Hollande,

first secretary of the Socialist party, that he would have opened the way for a methods employed by other urgently demand a meeting with President Jacques Chirac. The implication was that Mr Hollande was seeking the final sppeal possible in France: a presidential par- which levied "commissions" outrage that followed, Mr coffers from companies seek-Hollande has backtracked, ing contracts. among the opposition par-denying that he would ever Things changed with thes. In the maantlme,

As a result, President Chi-"personal" solidarity with rac has been saved an awkward choice. At a time when corruption and independence

the list of public concerns,

an intervention would have

been politically embarrass-

But by stepping back from intervention, Mr Chirac may series of similar political cor- parties including the Comruption cases in the future. One case revolves around Urba, a fake consultancy created by the Socialist party

nel Jospin, the prime minis- sary, since Mr Emmanuelli cing strict caps and disclosure requirements on contr butions to political parties. But, as one senior Socialist sympathiser puts it, the

party was an easy target for finance investigations because "it was relatively poorly advised and unsophisticated" in hiding the financing mechanisms it used. Investigations are under

way into the more subtle munists, the centre-right Republic and CDS parties, and President Chirac's own Gaullist RPR movement.

The real test will be whether equally tough sentences will be handed down have asked for such a deci- tough new financing laws France's legal system has against the government.

NEWS DIGEST

Bonn may try to end ECB row

Germany could be poised to offer France a compromise in the dispute about who should be first president of the European Central Bank (ECB), a German magazine has

According to Der Spiegel, the German finance minister, Theo Waigel, is considering proposing Wim Duisenberg, the Dutch head of the Frankfurt-based European Monetary institute, forerunner of the ECB, to head the ECB after monetary union starts next year. But Mr Duisenberg would step down after four years of his eight-year term to be replaced by Jean-Claude Trichet, governor of the Bank of France.

Mr Trichet would, in the meantime, take over as president of the London-based European Bank for Reconstruction and Development (EBRD) when the current president, Jacques de Larosière, leaves. The German ministry of finance in Bonn dismissed the

eport - which quotes Mr Waigel - as "pure speculation". The proposal, if made, would be highly controversial with other European Union governments. While a compromise may be reached between Germany and France, the decision about the presidency of the ECB has to be agreed unanimously by countries taking part in the planned single currency.

The dispute arose after France put forward Mr Trichet as its candidate for the ECB to challenge Mr Duisenberg, seen as the German government's favourite for the presidency.

Graham Bowley. From

KENYAN ELECTION

Three die in ethnic violence

Three people were killed and four wounded in south-west Kenya yesterday in ethnic violence on the eve of general elections, police said.

Residents said the killings were sparked by supporters of the ruling Kenya African National Union (Kanu) party trying to intimidate residents into not voting. Tension has risen as rival parties have appealed to tribal loyalties. President Daniel arap Moi is widely tipped to win the second multi-party polls in the country's history. A few weeks ago many predicted the president would surpass his 1992 performance in seven out of Kenya's eight provinces. But effective campaigning by the main

challengers has narrowed his lead. The polls will be among the most closely monitored in Africa. Religious and civic organisations are posting 27,000 observers to politing booths, while donor governments will have more than 140 experts in the field. But government critics argue that the polls are rigged because of gerrymandering, vote-buying, a hiased security apparatus and the continuing anti-opposition slant in the state media.

Michela Wrong, Nairabi

Moi's last hurrah, Page 8

TAIWAN SHARES

Foreign ceiling raised Taiwan will raise the ceiling on foreign investment allowed in domestic shares early in the new year, the finance ministry said. The cap on foreign equity holdings in the stock market will rise from 25 per cent of total

market capitalisation to 30 per cent. The ministry last loosened foreign stock investment rules in September 1996, when it raised the investment cap to 25 per cept from 20 per cent and allowed foreign individuals to trade in Taiwan stocks.

The change will have limited impact on foreign holdings in the Taiwan stock market but will lift foreign stakes in individual stocks that have reached the ceiling. especially the electronics shares popular with foreign investors. As of December 10, foreign investors held \$9.45bn worth of shares in Taiwan's stock market. This eft room for a further \$74.42bn before the 25 per cent celling would be reached.

CHINA TEXTILES

Reforms may see 1.2m sacked China has announced plans to reform its tronbled textile industry, promising to increase the funds availab write off the sector's debts hut also forcing mass **e** funds available to

Wu Bangguo, China's vice premier with direct esponsibility for state enterprise reform, was quoted by the China Daily, the official newspaper, as saying: "The central government has shown its determination to make revitalisation of the textile industry a breakthrough for reforms of state-owned enterprises." At the weekend Mr Wu said he expected more than 1.2m textils workers would lose their jobs over the next three years including 600,000 people next year alone - as part of the rationalisation process.

Beijing will double the funds available to write off textile industry debts next year to Yn19.7bn (\$2.3bn) from Yn9.73bn this year, according to the China Daily report. The government also aims to encourage textile exports by raising the rebate paid on exports to 11 per cent from 9

per cent. The measures are intended to cut the textils sector's losses by Yn3bn next year from Yn10.6bn this year compared with Yn1.9bn in 1993. The China National Textile Council said the industry would slash the number of spindles by 4.8m next year and will get rid of 10m over the next three years.

■ PANAMA DRUGS

US soldiers will stay on

The US and Panama have agreed to set up an international anti-drugs centre near Panama City, paving the way for the US to retain a military presence after 1999, when the canal comes under Panamanian control. The planned multilateral counter-narcotics centre has caused some anger in Panama for prolonging the presence of about 2,000 US troops. However, polls suggest about 70 per cent of Panamanians favour the creation of the sentre, which will be worth an estimated \$200m a year to Panama's economy. The centre needs to be supported in a referendum next year. Other countries, including Mexico and Brazil, will be asked to join the operation.

■ ITALIAN DEFICIT

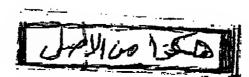
Emu goal 'within reach'

Italy will just manage to contain its 1997 deficit within the 3 per cent of gross domestic product ceiling for the lanned single European currency, but with no safety margin.

The Italian business daily Il Sole 24 Ore said yesterday that public administration net debt, the official Maastricht treaty accounting parameter, would fulfil the 3 per cent goal, coming in at around L58,000bn (\$33.4bn). This would be in line with original government forecasts, but not the 2.8 per cent or 2.9 per cent ratio predicted by some optimists. Il Sole said.

The official public sector borrowing requirement would and 1997 at around L60,000bn against L66,000bn officially targeted. That compares with a 1996 deficit of about L135,000bn , 7 per cent of GDP, according to figures leaked with great satisfaction" by the Treasury, Il Sole said. Attention now will turn to the sustainability of these results, with the focus on public accounts for 1998, Il Sole

said, the year when the "euro version" of the deficit should fall to 2.8 per cent of GDP, declining to 2.4 per cent in 1999 and to 1.8 per cent in 2000. Reuters, Rome



Ramos

orders

to cut

officials

spending

Fidel Ramos, president of

the Philippines, has ordered government offices to cut

expenses by at least 25 per

cent next year to help cope

with Asia's currency

turmoil, AP reports from

Mr Ramos issued the

order at the weekend and

recommended steps to cut

expenses to ease a steep rise

in the budget deficit caused

largely hy the falling value

The peso has fallen from

Mr Ramos said that it was

important for government

agencies "to match expendi-

tnres with available

resources" to maintain eco-

nomic stability and sustain

the country's economic

growth while financial trou-

bles sweep south-east Asia.

Among the steps he

suggested were a ban on for-

eign travel by government officials next year, except

when foreign grants paid

the costs, and a freeze on

most new financial benefits

Mr Ramos, however, is

exempt from the travel ban.

He is planning to visit Swit-

zerland next year to address

an international economic

been asked to reduce con-

sumption of fuel, water.

electricity and office sup-

plies, according to a copy of

A ban on the purchasa of

new government cars and

equipment has also been

The austerity plan, drawn

np by a government budget committee, takes effect on

January 1, and will last for

a year unless lifted by the

Officials said the peso's

decline had driven up the

deficit this year.

imposed.

for government employees.

26 to about 40 to the US

of the Philippine currency.

Manila.

programme

effective. ·

companies.

ernment

should be punished. He also

vowed to launch a political party to represent the inter-

ests of workers, who, he

said, were being unfairly

forced to bear the burden of

The gospel according to Kim

union support for joh cuts.

would allow the government

to tap funds from the under-

ground economy that could ruptcles and job cuts could

he used to finance unem- provoke social unrest that

Editorial Comment __

By John Burton in Seoul

The head of South Korea's

dissident trade union said he

would oppose efforts to cut jobs under the International

Monetary Fund's \$57bn bail-

out programme - raising the

prospect of labour strife over

economic reforms promised

hy the nation's new presi-

Kwon Yonng-kil, the

leader of the Korean Confederation of Trade Unions

(KCTU), rejected a proposal

by Mr Kim Dae-jung, the

president-elect, to introduce

laws that would make it

easier for companies to sack

workers as part of industrial

Mr Kim has been meeting labour leaders to win their

aupport for the IMF pro-

gramme, which is expected

to lead to mass redundancies

as companies are forced to cut investments and sell sub-

sidiaries in response to high

interest rates set by the IMF.

omy is that we need the co-operation of the IMF." Mr

Kim told the KCTU leader.

"For that, we must hurry

reforms requested by them

and lay-offs are inevitable."

unions, had earlier proposed

that job cuts could be post-

poned for six months if

freezes and shorter working

Government offices have supporter of the trada

"The reality of our econ-

restructuring.



NEWS: INTERNATIONAL

MEWS DIGITAL Bonn may try to end ECB ro

Maria Maria Maria

Approximation of the contract of The second second

No. 2551390 11. Proposition 12

THE PARTY OF THE P A Property of the London Par paragraph THE WASHINGTON Contract of the last of the la Bartiner falle ber Mr. Sax imprisoner A STATE OF S the bearing the co

* AFRICAL S

with the thing has a

Three die in ethnic violence Carrier of the Control of the Contro

Material Control of the Control of t de the meine bien THE SAME AND THE PARTY NAMED IN PROPERTY AND The second second Make the years presentations for the The god of the same

Mary Branch The state of the s Maria de la como de la ----TANKAL ...

Eoreign ceiling raised

to the process of the MARIE TO And the same of the same T.

MODEL TO VIEW

Referens mas see 1.2m sade with the same of

Training and Appelliance in the con-Confer to a year or a (gefüller a. e.

74 74 g W

Age has a 199 5 10 Same Same The state of the s S 15 10 10 10

The weldings will stay on 19-1 1.75**0** - 1.15

Lanu Berry Service tenth

grade State

cratic party (LDP), whose popularity has plummeted in recent months.

Opposition party disintegrates

The NFP has 178 members opposition party, the New in the Diet (parliament) but Frontier party (NFP), or has had a steady trickle of Shinshinto, voted to dissolve defections. Most have itself. The move was expressed concern about Mr prompted by Ichiro Ozawa, Ozawa's autocratic style of president of Shinshinto. He leadership and his policies hopes to eliminate criticism he is an advocate of supply of his leadership from side reforms, based on within the party by setting changes to the tax regime up a new political grouping. and economic deregulation. The party was formed only

in by-elections this year.

Reform party. Mr Ozawa has been push-

the ruling Liberal Demo- performed poorly in last group of upper house memyear's general election and bers sponsored hy Soka Gakkai, the country's largest Mr Ozawa plans to launch lay Buddhist organisation. his new party next month. It The remainder will join a is expected to have about gronping under Michthiko 100 conservative Diet mem- Kano, who ran against Mr bers and may be called the Ozawa in this month's con-Conservative party or the test for leadership of the NFP.

ing for an alliance with the Kano met former prime minroling LDP, but moderate isters Moribiro Hosokawa members of the ruling party and Tsutomu Hata as well - who oppose dealing with as leaders of the Democratic Mr Ozawa - have been in party of Japan. They said they had agreed to co-oper- detention order imposed on Other Diet members of the ate and might create a sin- the 73-year-old opposition



Labour unrest in South Korea: a dissident union has vowed to fight the threat of mass job losses - seen as essential to the IMF-inspired remedy for the country's economic ills

would include issuing bearer investment when Korea bonds to those holding file- needs overseas capital to pay

mistakes made by the govgal cash hoards. The president-elect has However, the protest by offered to improve Korea's Mr Kwon underscores the meagre unemployment fact that Mr Kim could face insurance programma and a stiff challenge in convincimprove job training to gain ing angry workers that job

... Page 9 cnts are essential for Parliament approved legis-lation at the weekend that investment. Analysts are predicting that soaring inflation, bank-

to advance \$10bn to Korea to prevent it declaring a debt moratorium. But analysts believe foreign banks must still roll over loans and overseas investors should return

to the nation's hattered

financial markets if Seoul is

The IMF last week agreed

short-term foreign deht.

to solve its debt crisis. In exchange for the emergency funds, Seoul agreed to extensive reforms that would remove nearly all restrictions on foreign investment in its financial

response was short-lived as 1,498 last Friday. the Seoul bourse remained stagnant on Saturday.

Analysts warned that the high interest rates would lead to funding shortages and more bankruptcies, with banks calling in loans to meet Bank for International Settlement (BIS) capital ade-

the news on Friday, but the at the beginning of 1997 to Analysts said the won would have to stabilise

Korean markets rallied on from 843.70 to the US dollar

It closed for the year at hefore foreign investors 376.31 points - a 42 per cent started to take advantage of decline for 1997. Interest record high interest rates rates ended flat at 27 per and low share prices, which are near a 10-year low, and return to the financial markets. From tomorrow, the bond

market will be fully opened to foreign investors, while foreigners will be allowed to take majority stakes in listed quacy levels as demanded by Korea companies and conthe IMF. The Korean curduct "friendly mergers and rency, the won, has fallen acquisitions"

Lack of transparency in one of the chief complaints among domestic and foreign investors. Many international institutional investors, for example, have said they will not invest in companies listed in China's mainland markets in Shanghai and Shenzhen until they

Listed companies will have

to explain the use of funds raised, disclose any changes

in their use from the pur-

poses stated in a prospectus,

and publish an opinion on

the company's operations by Its board of directors and

Changes in ownership

have become an increasingly

frequent feature of life in

corporate China, which is

undergoing a wave of capital

restructuring since President

Jiang Zemin approved moves

towards a mixed economy at

a landmark congress of the

Communist party in Septem-

supervisory body.

financial reporting. Meanwhile, China has created its largest accountancy firm by merging a dozen accountancies. The new firm's revenues are expected to exceed Yn100m (\$12m) this year, according to the Economic Daily, which

improve their openness and

reported the merger. China Accounting was formally established in Beijing

The merger is intended to

hours, but he has since ployment insurance. This could discourage foceign Hanoi acts as concerns mount over local banks' ability to meet short-term debts to S Korea

ietnam introduces currency swap market

value of foreign currency-Vietnam has introduced its denominated expenses and first currency swap market in an apparent attempt to interest payments on the country's foreign deht, prise dollar holdings away resulting in a large budget from foreign banks and help local banks meet short-term Salvador Enriquez, budget trade debts, most of which secretary, said that the gov- are owed to South Korean ernment deficit this year companies.

pesos (\$356m), largely a decision was issued last lier this year, when a series Asian financial crisis and convertible dong, one west. A little-known, conservahecanse of the peso's He said the problem had and the non-convertible run country's financial sec-omists say. been worsened by a shortfall dong on a two-week, one- tor. in government revenue col- month, two-month, and three-month basis. Rates cial warned in the official from Korean trading houses

would be applied daily by Saigon Times Daily that desperate to call in hard curthe central bank.

comes amid concerns over the economy", and that a about \$300m in money owed the ability of Vletnamese "major part" of them would to Korean companies was companies and banks to fall due "soon". meet short-term debts that The newspaper put the are falling due soon.

A central bank official said ter of credit debts since ear- inflows as a result of the the local currency, the nonweek to introduce swap of defaults tarnished the rep- has modest foreign exchange ern economist said. "They're transactions between dollars utation of the communist- reserves of about \$2hn, econ-

total amount of those debts launching a swap market reports say regional devalua-Banks have been strug- at about \$540m. Hanoi faces gling to repay significant let a fall in hard currency dollars, easing pressure on \$500m in lost export earn. Mr Muol until later next this week and will employ

Bankers said added pres-A senior central bank offi- sure to find dollars comes

loans owed by hanks to for rency debts for repatriation The move, which came eign institutions "may turn to their stricken parent come 30 per cent. But Hanoi has into effect on Christmas day, out to be a heavy burden on panies. One estimated that ruled out any downward

doe "shortly". trying to encourage foreign banks to sell their dollar positions. It's intended to achieve what an exchange rate move would achieve."

30 per cent. But Hanoi has despite continuing damage Another motive for to its exports. Official

remains overvalued by about

tive military figure is smooth transition at a time expected to replace Do Muoi, when Vietnam faced threats Vietnam's paramount Com-

Bankers say the dong voted in favour of the change, diplomats said yesterday. Gen Le Kba Phieu, 66, has

adjustment of its tightly con- heen for months tipped to trolled exchange . rate, replace the party general secretary, who will be 81 next month. However, sources said he

was to increase the supply of tions have cost state coffers might not officially replace to economic stability munist party leader, after because of the Asian ecodelegates at a landmark nomic crisis and recent party convention apparently bouts of rural unrest.

year, as the general secre- (about 1,000 people, including tary was keen to oversee a | 480 certified public accountants.

improve services in the face

Figures on output underline weakness of the economy

Japan still on critical list

By Paul Abrahams in Tokyo

The Japanese economy is likely to remain in a critical condition until at least February, according to Koji Omi, the economic planning agency minister. His warning followed the cabinet's 3.8 per cent to 6.64m in approval of an austere bud- November. Overall, the seaget for the next fiscal year sonally adjusted unemployand a flurry of economic ment rate remained at a data underlining the weakness of the economy.

The hudget was approved ted to be just 0.4 per cent to weak retail sales, which above this year's forecast. It fell year on year by 4.7 per included the first year-on- cent in November. Departyear cut in the foreign aid ment store sales fell 3.5 per hndget, the first cut in cent. The Japan Department defenca-related spending Stores' Association said since 1955 and the largest- sales of household appliever fall in public works ances tumbled 10.3 per cent spending - down 7.8 per cent to Y64hn. Electrical home

to Y8,990bn (\$69bn). The combination of this year's cut in public works spending and weak conthrough to the construction

Japan's opposition parties

fragmented further over the

weekend when the largest

by 23.5 per cent in Novemjust 5.2 per cent.
The number employed in

the construction industry which accounts for 10 per cent of all employment - fell record high of 3.5 per cent last month.

Growing fears about unemployment contributed appliance sales dropped 24.1 per cent to Y6.21bn.

The deflationary forces in the economy were apparent sumer demand has fed in December's inflation figures for the Tokyo area, sector, the country's largest where prices rose year-onemployer. Weak consumer year only 1.7 per cent. confidence meant housing Nationwide consumer prices

ing 0.3 per cent in 1995. The low inflation data were duced in April.

industrial production fig. Asian economic crisis. ures, which fell a worse than expected 4.1 per cent, the higgest drop since March 1996. The Ministry of International Trade and Industry used the word "weak" to describe the output data for the first time in two years. Shipments fell 5.3 per cent, cent, while the inventory-toshipment ratio rose a worry-

ing 6.4 per cent. Vehicle production fell 7.8 per cent last month, according to the Japan Automobile Manufacturers' Association. second month, down 7.2 per cent to 667,578 units.

starts declined year on year increased 2.1 per cent in to support the economy. November. Consumer prices Vehicle experts went up 12.7 ber. Construction orders rose around Tokyo increased 1.3 per cent last month to per cent in this year, after 371,649, the 18th consecutive being flat last year and fall-monthly rise. Exports to Europe rose 28.8 per cent to 105,500, those to the US rose despite a 2 percentage point 0.2 per cent to 106,000, while increase in sales tax intro- those to Asis fell 29 per cent to 38,000. But vehicle exports Poor consumer demand are expected to fall next fed through to November's year, mainly because of the

> The crisis is already affecting other Japanese industries. The Nihon Keizai Shimhun newspaper reported that cement makers had been struggling since October to conclude spot contracts in Asia because Thai and Indonesian producinventories increased 1.4 per, ers were selling at heavily discounted prices.

Low domestic demand is keeping import growth suppressed. The trade surplus in the first 10 days of December increased 17-fold from Y6.11bn to Y107bn. Officials Output of cars declined for a said the huge increase was second month, down 7.2 per partly explained by the fact that the surplus had been However, exports continue shrinking rapidly last year.

China draws South Africa away from its friendship with Taiwan This could rise to \$2bn by By Mark Ashurst

in Cape Town

Qian Qichen, the Chinese vice-premier and foreign minister, arrived in South Africa vesterday for a visit which will culminate with the establishment of formal diplomatic ties.

Mr Qian is to meet President Nelson Mandela today. Diplomatic ties hetween the two countries will he resumed formally tomorrow. when the Chinese foreign minister will meet his South African counterpart, Alfred Nzo, to sign official documents in Pretorie.

matic relations with Taiwan which contributed substantially to funding the 1994 Africa's ruling African ing". National Congress - as a Mr Mandela announced

Taiwan, which Chinese

as a renegade province.

November 1996, after Beijing vetoed his efforts to establish a system of dual recog- South Africa.

The ceremooy will also nition with both countries, mark the end of South which he has described as Africa's diplomatic ties with "the two Chinas".

Mr Mandela, whose loyalty authorities in Beijing regard to countries which supported the banned African Beijing has insisted that National Congress during South Africa sever diplothe apartheid era has occasionally vexed Washington and other western powera, described the decision to cut election campaign of South ties with Taiwan as "agonis-

The switch in allegiance is precondition for formal ties. a victory for Chinese efforts to push Taiwan into diplothe switch of allegiance in matic isolation, but chiefly reflects the growing volume of trade between China and

ther hy the handover of Hong Kong, the former British colony which was returned to China in June. Trade with Taiwan was worth about \$1.7bn in 1996. Christopher Dlamini, the South African ambassador designate to Beijing, said a recent Chinese trade delegation to South Africa had signed trade and investment contracts worth about \$630m. These spanned an array of mineral and metals industries, including diamonds, copper, cobalt, iron ore, feed additives and steel.

2000, and will be boosted fur-

Lawyers fear for Kaunda's health as the world protests

By Michela Wrong

Lawyers representing Keuneth Kaunda, Zamhia's former president, who has been on hunger strike since his arrest on Christmas Day, said yesterday they were worried about his deteriorating condition and were pressing him to start taking fluids.

"Dr Kaunda is generally in good health, but when you stop getting liquids it takes its toll very quickly," said Sakwiba Sikota, on Dr Kaunda's legal team. "He's at an Over the weekend, Mr advanced age and even a young man would find it hard to last in those condi-

> The Zamhian government has justified the 28-day leader by accusing him of



deteriorating

involvement in an abortive military coup attempt on October 28, staged while Dr Kaunda was out of the country on a lecture tour.

claim or lodge formal hy a government once charges against Dr Kaunda, regarded as progressive. heing held at a maximum would trigger a renewed aid security prison under stateof-emergency legislation, donors. They agreed only in have triggered a wave of July to ease a previous fundinternational protest. ing freeze triggered by the The White House, Presidecision to bar Dr Kaunda

dent Nelson Mandela of from standing in the 1996 South Africa, Britain's for- elections, won by Mr Chieign office and the Commonwealth all expressed their luha's administration was "extreme concern" over the now unlikely to meet "good arrest at the weekend, call- governance" conditions ing for Dr Kaunda to be some western donors had either put on trial immedi- placed on aid resumption. ately or released.

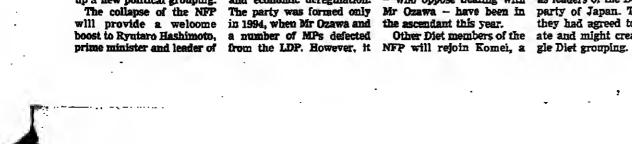
president, Julius Nyerere, bia tomorrow to convey concerns of regional leaders, while a regional meeting on

But its failure to produce clear whether the detention, ers with treason.

Dr Kaunda'a lawyers, who The former Tanzanian will apply for his release in conrt today, said they said he planned to visit Zam- helieved tha plan was to either to keep renewing indefinitely his 28-day detention order, or to charge him the affair may be held soon. and 90 arrested army person-It was not immediately nel and opposition support-

luba. Analysts said Mr Chi-





Slowing of the economy 'may fail to bring inflation below 3 per cent until after 1999'

Further interest rate rises predicted

City economists are predicting further interest rate rises in spite of reports from retailers that consumer demand may be slowing.

This is likely to lead to a sharp slowing of the UK economy after several years near the top of the European league table of economic growth, but may fail to bring inflation below 3 per cent until after 1999, say forecasters.

Goldman Sachs said two more base rate rises, each of 0.25 percentage points, were likely before rates peak. HSBC James Capel says any perception that base rates

By George Parker,

Political Corresponden

The government yesterday

welcomed Railtreck's deci-

£220m (\$363m) scheme to cre-

ate an upgraded freight

route linking Glasgow in

tunnel terminal in southern

The route would take up

to 400,000 lorries a year off

Railtrack plans to widen

tunnels and raise bridges on

the west coast main line.

allowing "piggyhack" road

trailers to use the route to

The company, which owns

the track, signalling and sta-

tions oo the UK rail net-

work, believes it can com-

plete the upgrading of the

west coast main line for con-

£350m originally estimated.

The lower cost reflects the

fact the company is under-

taking a separate £2bn mod-

ernisation of the route over

high-speed passenger trains.

continental destinations.

have already peaked "is likely to of rising pay, leading to strong conprove unfounded". However, both said a rise as soon as the January 7-8 meeting of the Bank of England's Monetary Policy Committee is unlikely.

Instead, there could be a 0.25 percentage point rise in February with another in the spring, said Goldman Sachs. HSBC James Capel says that a rise is possible "well into the first quarter" These views are in line with

those of financial markets, where short eterling futures have been expecting UK rate rises in the new

They come against a background

Ministers welcome plan

Railtrack to link Glasgow and Channel tunnel

Railtrack said vesterday it

hoped the government would provide up to £150m in grants for the project, while

there might be additional

support from Brussele. It

said preliminary talks with

officials from the depart-

ment of environment, trans-

port and the regions had

gone well, adding: "They

were reasonably happy for

Although John Prescott,

the deputy prime minister.

has not yet agreed the gov-ernment should support the

scheme financielly, his

spokesman said: "This sort

of scheme is in line with our

thinking - we want to see more freight moved by rail."

under a public-private part-

nership, to ensure Mr Pres-

cott's £35m annual freight

grants hudget is not

exhausted on a single proj-

ect. The company argues

that a £150m grant repre-

sents good value for money.

since it is roughly the cost of

overcrowded M6 motorway.

the next five years to carry adding an extra lane to the

Railtrack is asking for funding over many years

us to go forward.

for rail freight route

sumer spending that is partly responsible for inflation remaining ahove the Bank of England's

These factors mean that what may turn out to be a disappointing Christmas is unlikely to affect the Monetary Policy Committee'e delibgrations, said HSBC James Capel. It said other than on this very short term view, consumers are showing few signs of holding back. month, and a preliminary estimate That means the Bank of England's forecasts of a sharp fall will be out on January 23. in gross domestic product is unlikely, hence the pressure for

further interest rate rises.

However Rohin Giehy

head of freight at Railtrack

said the company would

start work on the project

without any grants being

Hauliers can claim govern-

ment grants if they shift con-

signments from road to rail.

Railtrack is keen for the

grants to be paid in part to

take shipments that previ-

ously went by road, provid-

ing an incentive to shippers

track reassure the rail regu-

lator and Mr Prescott that it

is pursuing vigorous and

imaginativa investment in

officials said the government

was considering taking a

small stake in Railtrack as

part of a deal which could

allow the company to take

over the track and signalling

of the London Underground

However a senior minister

has indicated that the option

has fallen out of favour.

Last month Mr Prescott's

The scheme will help Rail-

train operators which would

in operation by 2003.

to switch to rail.

As well as the Christmas trading statements from retailers scattered through January, the City is likely to watch closely four other sets of data, said Goldman Sachs.

About 25 per cent of pay deals take effect in January, and retail price inflation excluding mortgage rate changes (RPIX) for December will be published on January 13. Several quarterly business surveys are published during tha of GDP in the final quarter of 1997

Even a worsening of the problems faced by some Asian. countries, such as Korea, is not

Police search the area around the Glengannon Hotel in

Northern Ireland after the murder by pro-British "loyal-

ists" of former republican prisoner Seamus Dillon. The

killing followed the murder in prison of loyalist Billy Wright. The incidents sparked fears of widespread violence

likely to deflect the MPC from raising rates.

The MPC appears prepared to tighten if domestic conditions warrant it even if there is financial market turbulence," says Goldman

Sachs. There will be a powerful effect on GDP growth, according to both securities houses. Year on year growth will slide from a 1997 level of about 3.5 per cent to about 2 per

cent by the end of 1998. Goldman Sachs' new 1999 fore casts suggest growth will remain below 1.7 per cent for the whole of 1999 while RPIX refuses to fall below 8.3 per cent.

Sharp fall in number of Lloyd's **Names**

Legal Correspondent

fall in the number of Names the insurance market.

rear to 6,800.

About 1,200 Names have the market altogether.

many Names had taken

and recoup what money they could. In 1996 and 1997 there was little change in Lloyd's

dicates can write. In 1998 capacity will be just under £10.2bn, of which £6.2bn will be provided by limited liability capital and

in the number of Names to ticularly as the average age of Names is now more than

"There is still a handful of

By Robert Rice,

Lloyd's of London will receive the majority of its capital from corporate sources for the first time in 1996 following another big the individuals whose assets have traditionally supported

Lloyd's will today announce a 80 per cent fall in the number of Names with unlimited liability. from just under 10,000 last

This continues a trend which began in 1994, when the insurance market first opened its doors to corperate capital following a sharp decline in the capital supplied by Names.

witched from unlimited to limited liability status. But ust under 2.000 are ouiting Many Names faced huge esses from the longstanding

pollution and asbeetos claims which threatened to destroy Lloyd's in the early Lloyd's yesterday said

advantage of the annual auction to sell their canacity

£10bn (\$16.5bn) capacity the amount of business syn-

£4bn by the traditional Name Lloyd's expects the decime

younger Names coming in on an unlimited basis, but it is literally a handful. However, as long as members unlimited liability tradition we will support it," Lloyd's

UK NEWS DIGEST

EU role to help combat crime

The British government intends to use its imminent presidency of the European Union to co-ordinate action against football hooliganism in the run up to next summer's World Cup finals in France. Jack Straw, the home secretary, also aims to grant new powers to Europol and develop measures to fight illegal immigration, terrorism, drug trafficking and organised crime throughout Surope. He has identified a particular problem with some former Soviet bloc nations boping to join the EU. "We have 19th century procedures to pursue 21stcen-

tury criminals," he said, complaining at the length of time it takes for criminals arrested in one EU country to be extradited and tried in another. The British presidency, which runs for six months from January 1, allows the government to chair all meetings of EU ministers. Although some 80 per cent of business is routine, and up to a further 10 per cent arises from unforseeable events. the nation holding the presidency has considerable power to set the European agenda.

J PAUL GETTY. II

Citizenship for heir to oil fortune

J Paul Getty II, the billionaire philanthropist, has been granted British citizenship after 25 years living in the UK, it was confirmed yesterday. Heir to what was once the world'e biggest private oil fortune, Mr Getty, 65, is prepared to pay the price of a British passport in higher taxes. His application for citizenship was granted in the week before Christmas, Home Office sources confirmed. Mr Getty was reported to have immediately revoked his US nationality. The news comes in the week after the British government agreed to re-examine an application for citizenship from Harrods owner Mohamed Al Fayed. The businessman had an earlier request for a British passport rejected without explanation.

Son of John Paul Getty, once the world's richest man, Paul Getty II is one of Britain's greatest benefactors. With an estimated fortune of £1bn he has been able to give donations thought to total more than £120m (\$198m) to UK causes including £50m to the National Gallery and £20m to British Film Institute.

BEEF CRISIS

Farm survey to probe sheep link

A nationwide survey of 3,500 farms aimed at establishing whether bovine spongiform encephalopathy has spread to sheep is to be undertaken in the new year. Universities, colleges and private companies have been invited by the agriculture ministry to conduct a postal questionnaire. Replies will be anonymous and confidential. The ministry is advertising the survey as an exercise in establishing accurate figures on scrapie, the fatal brain disease of sheep believed to have caused BSE after cattle were fed on rations containing contaminated sheep remains. Veterinary acientists are trying to discover whether BSE has passed into sheep that were also fed the processed remains of sheep and cattle. The ministry said: We are advertising for an outside organisation to run the survey in order to guarantee complete independence. The aim is to establish how much scrapie there is in the flock

and how much there has been.

Flu fears prompt air quality rules

Fough measures to control air-conditioning on flights are set to be introduced amid fears that passengers are being exposed to dangerous germs. The emergence of a new flu virus in Hong Kong has prompted increasing concern that the germs could rapidly spread to Britain because of poor air conditions on numerous daily flights into Heathrow, The European Joint Aviation Anthority plans to introduce strict new controls on air-conditioning in cahins. adding to already tight measures which require airlines to provide a fresh supply of air six times an bour. The Civil Aviation Authority said: "Controls are already tight. Airlines are required by law to provide no less than 50 per cent fresh air at any one time. Cabin air is also changed up to seven times an hour and aircraft cahins are safer

WORKPLACE

Women's skills not appreciated

The paths women take after compulsory education are leaving them at a disadvantage in the labour market, according to the Policy Studies Institute. A report published today by the independent think tank says the allocation of training is exacerbating gender inequality in the workplace and women's skills are not being fully appreciated or ntilised by employers.

Manpower survey predicts job buoyancy

By Robert Taylor, **Employment Editor**

The UK recruitment market will be at its most buoyant in the first quarter of next year than at any time since 1989, according to the survey published today hy Manpower, the employment

But the report predicts a opportunities in the service sector, especially in retail-

"This reflects both the expected seasonal downturn expectation recorded in the engineering. final quarter of 1997," It

The survey reports a substantial demand for employees in manufacturing - notablr in electronics and telecommunications - with optimism in huilding, auto employment growth in the

Executives look forward to growth

Nearly two-thirds of UK business executives while 94 per cent of executives expect furbelieve the new year will usher in a period of sustained economic growth, according to a survey. But more than e third predict an economic downturn next year, Robert Taylor writes.

The report from the Institute of Management says that only 17 per cent of managers sharp downturn in joh think e recession is likely. Most are concerned about rising inflation.

Some 83 per cent of managers are con-

and very bigh levels of manufacture and general public sector after several dicted to be the area with It says: "While there is evidence some industries are exercising caution in their tral government. medium-term plans, others

> are expanding their workforce. Manpower reports signs of ment.

improvement in job pros-

Most UK regions are and southern England. expected to experience an improvement in employ- expected to suffer the hig-

years of stagnation, with an the greatest jobs expansion in the first quarter, followed pects in both local and cen- by the west of England, the counties around London. South Wales is the region

ther interest rate increases. Nearly four out

of 10 managers predict rising unemploy-

ment during the year. Only 16 per cent of managers think e national minimum wage

will be a threat to the competitiveness of

their company and 15 per cent believe the

European Union social chapter is a danger.

More than one in five executives are wor-

ried about a stock market crash but 63 per

cent believe it is unlikely. The survey was

gest net loss of jobs in the The east Midlands is pre- first quarter, But a net

and flexibility through different approaches to work Manpower's survey was carried out among 2,221 companies by the group's 170 UK employment offices. The information was gathered during this month and the

Scotland and north-east

"Almost without exception

our respondents take a posi-

tive view of the immediate

future while watching the

medium and long term care-

fully," said Lillian Bennett.

"However, they are con-

cerned ebout potential

skill shortages and in

addition to reviewing their

training plans, they

seeking means

achieve greater productivity

Manpower chairman.

forecast is ontil the end of

Midlands' exports see upturn Leftwing MEPs ready to quit

By Richard Wolffe, Midlands Correspondent

Exporters in the UK's industrial heartland appear to have recovered from the rise but are still reporting sales and orders at half last

Maoufacturers in the West Midlands recorded margin- the end of 1997. Among ally higher export orders in after export levels hit their reported worsening sales lowest point in 14 years in the autumn.

According to Birmingham Chamber of Commerce, 40 of Birmingham chamber and

compared with 45 per cent in the third quarter. However the impact of

orders lost earlier in the year - as sterling reached its highest point against other European currencies was still emerging towards manufacturing exports. 29 per cent of companies compared with 27 per cent in the previous quarter.

is a welcome trend, hnt export sales and orders are still only about balf of what they were 12 months ago. spread joh losses among exporters and it will take a

dramatic turnaround in the economy to recover sufficiently to be able to avoid workforce reductions." The Birmingham survey reveals that 15 per cent of manufacturers expect their workforces to decrease in twice the level six months

per cent of manufacturers chairman of Severn Trent ago. Almost a quarter said export orders fell in the water company, said: "This expect their profitability to worsen over the next year. That contrasts sharply with the service sector where 50 per cent of West Midlands companies report increasing sales and orders to domestic markets.

The latest figures, pnblished by the Office for National Statistics last week, showed the UK's trade in goods and services dipped heavily into the red in Octo ber. The global trade deficit in goods widened to £1.35bn (\$2.22bn) - the highest for By George Parker, Political Correspondent

Two Lahour Euro-MPs are set to ouit the party, claiming that Tony Blair, the prime minister, was leading Labour towards a right-ofcentre coalition with the Liberal Democrats. Hugh Kerr and Ken Coates

are coneldering creating a leftwing alliance, bringing together socialists, environmentalists and anti-poverty

The two leftwing MEPs, who were expected to be purged by the party leader-

ship ahead of Euro-elections in May 1999, said they were dismayed by the rightward

drift of Labour policy. Their move came on the day Paddy Ashdown, the Liberal Democrat leader, called for a strengthening of his party's working relationship with Labour in 1998, to cover issues like welfare and education reform.

The Lahour leadership reacted coolly to the likely defection of Mr Kerr and Mr Coates, who predicted that other Labour MEPs could join them in contesting the next Strasbourg elections on

an alternative slate. A party official said: "If they can't Mr Ashdown delivered a support party policy they should do the honourable thing and resign," Mr Kerr said he was hope-

ful that candidates standing on the alternative slate could win at least 10 per cent of the vote, enough to get a candidate elected under the new system of proportional representation. Mr Kerr argued that Mr

Blair seemed determined to join forces with the Liberal Democrats in a "government of national unity" on the centre-right of politics.

rebuke to his party activists who want to stay at armslength from Labour, arguing that they should have "the self-confidence to continue to work with others".

He insists the party must work with the government to complete "five great tasks": modernising the constitution, improving public services including education, ending the class system, changing attitudes on the environment and modernising the UK's relationship

Privately educated pupils would be made to pay more to study at Cambridge

University plans premium fee scheme

By Simon Targett, Education Correspon

Pupils from fee-paying join the league. private schools would have to pay a premium to go to Cambridge University under radical proposals to be unveiled by a group of college bursars next mooth.

Under the plan, the university would become part of a British-style "wy league" of clite institutions entitled to charge nch undergraduates extra fees to corer the costs of running world-class

Other universities with a

Durham, Edinburgh and Oxford - would be invited to

The fee - which would supplement the £1.000 a year tuition fees to be introduced by the government next year would be waived for state school pupils under a scholarship scheme financed initially by the government but eventually by business.

The hursars, who represent some of Cambridge's it contributes towards the most famous colleges, cost of running the individincluding Peterhouse, the university's oldest institution, are unhappy that the high ranking reputation and university authorities may for the colleges, the money it a high proportion of wealthy negotiate away the right to claws back - totalling £11m themselves in a market situstudents educated at private charge college fees - and - should return to the uni- ation" and justify the extra

schools - including Bristol, with it the colleges age-old versity. Andrew Murison, autonomy - in order to save Oxhridge's £35m of special

Under the self-styled "counter proposal", Cam-bridge colleges would be permitted to charge rich students extra fees and a scholarship scheme would be set up with funds, which the government currently claws back from the university to take account of the fact that

dal colleges. The bursars say that if the government no longer pays

the Peterhouse hursar. acknowledged the plan could prompt a fall in applications from private school pupils. There already is an erroneous perception in private schools that the Cambridge admissions system is biased against them, and this could be another nail in the cof-

was "a complete nonetarter", since it involved the end of college fees and, by implication, the end of the college system. Mr Murison said the colleges were prepared "to put

fin."

The problem for the colleges is that even if they win

the backing of the vice chancellor, the government has set itself against what advisers call "the Americanisation of the university eystem". It is introducing legislation which would allow ministers to penalise institu But he said the alternative tions which charge students extra fees.

However ministers are keep to see Cambridge open its doors to more pupils from state schools and the govern ment has examined the potential savings if it did not have to subsidise students

Growth in tourism forecast despite strength of sterling

By Scheherazade Deneshkhu, Leisure Industries Correspondent

The number of tourists visiting the UK will grow in 1998 despite the strength of sterling and financial turmoil in Asia, according to the British Tourist Author- tics.

The areas of strongest growth are likely to be short breaks and visits to friends and relatives. The BTA expects 26m people to have visited in 1997 and 26.7m to 1998. It forecasts that the amount they spend will rise from £12.7bn (\$21bn) in 1997 to 213bn by the end of 1998.

Overseas visitors spent £12.4bn in 1996. The number of tourists from North America increased by 11 per cent in the first nine months of 1997 compared with the same period last year, according to the Office of National Statis-

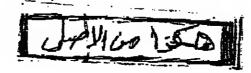
Europe fell hy I per cent over the same period. 12 per cent against the D-Mark and 11 per cent

But visits from western Sterling has increased by against the French franc in

The BTA said it was difficult to forecast how many tourists would visit the UK from Asia, the fastestgrowing outbound market. due to the financial turmoil in the region.

The UK has attracted a growing number of tourists since the recession of the early 1990s, culminating in 1996's record 25.3m. However, the number of

British tourists taking overseas holldays has outstripped the growth in visitors to the UK, leading to a £3.9bn the last 12 months. Europe is deficit on the tourism bal-Britain's biggest market, ance of payments in 1996, a accounting for two-thirds of trend which has continued tourist visits last year, into 1997.



EU role to help combat crime

Marketo F Mr. The state of the s and days and the West of the Control of the Control

HUK NEW! (M.E.

me a since

Marie Transaction of Many

Management of Assessment Brighton Brighton - 1

医静脉 新山海东 Harry Town & Ac Marie Francis Commence Marian Care Co. A Strong Page 1 and 1 an the early a Land any dear their constraints

🛢 🛊 🎮 n na 🕆 Citizenship for her to oil form

granden to the A Section of the Contract of t the state of the same of the s garage and an area of the second FEBRUR 75. 2. works the first transfer T.W. HALLES والمراجع المراجع المراجع المراجع

Page 17040 City St. Co. THE PART PROPERTY OF THE PARTY Anthre THE SHARE Market Street and A 🖷 🗯 🛊

Furm survey to probe sheep his * Mark Since you Allenta im fin ber bie **美国教育**科技 1 8

The Bulletin St. St. St. working of the Marie ... #196 3mm ---e de la companya de l Market and the second METAL A CAL

Section 10.

general grants # ** · **新疆 東北海州州 President State appealite mis** The state of the s

2.50 200 Affine are المراجع المراجع المراجع 40 A Sec. 10

Mankey & Skirts that appreciated

Acres 100

Carried Co. with the second

A 800 Appendicately to a · (1985年) - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1 المراء ويداي 47 J. 2 5 $V_{\rm eff} = V_{\rm eff} = V_{\rm$ Property And and

40.00

And the second second

 $\mathcal{L}^{p_{\underline{\omega}^{-1}p_{\underline{\omega}^{-$

5.45 400

Que to

4. auto.

in tourism forece strength of sterlin

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

■ TODAY Abbey National 51/2% Und Sb Nts Y2750000.0 Do Fxd/FRN Y2000000.0 Abbey National Treasury 71/2% Gtd Nts 1998 FFr750.0 Do 85/4 Nts 1997 £862.50 Acres (No 1) Class A Comm Mtg Bckd FRN 2005 £22.14 Do Class M1 £204.26 Do Class M2 £214.24 Do (No 2) Class A Mtg Bckd FRN 2007 £143.20 Do Class M1 £193.04 Do Class M2 £203.02 Do (No 3) Class A Mtg Bckd FRN 2006 £178.66 Do Class M1 2190.88 Do Class M2 £196.46 All Nippon Airways 4.4% Nts 2000 Y440000.0 Bank fur Arbeit und Wirtschaft Sb FRN 1999 British Aerospace 11%% Bd 2008 £593.75 Cadbury-Schweppes 8% Nts 2000 £80.0 Y450000.0 Fin Revold for Sec Transactions No 4 Mezz set-Bckd FRN 2010 £2161.06 Do Snr Asset-Bokd FRN 2010 2668.15 Fleming Worldwide Inc Inv Do Units 1p Fuji Bank Int Fin Und Sb Gtd FRN Y28451.0 Halifax Sb Var Rate Nts £191.04 Havelock Europa 1.75p Hitachi Credit 5%% Nts 2000 \$58.75 Italy FRN 2000 \$301.91 Kyushu Elec Power 81/4% Nts 1999 \$406.25 Metropolitan Water Kent Water 3% Db £1.50 Midland Bank Und Prim Cap FRN (Jun 1985) \$314.78

Do 20% Cm Pf 1p Nat West Bank 81/696 Step-up Sb Nts 2011 £837.33 Nova Scotia 7% Nts 2000 C\$70.0 Portsmouth & Sunderland Newspapers 4,78p Residential Prop Secs No 3 Class A2 Mtg Bckd FRN 2025 €1376.86 Do Class B £2129.89 Sabre Int (No 2) Ser P Var Rate Nts 1998 Y23173.0 Skipton Bldg Scty Sb FRN 2000 £40187.81 Smithkline Beecham 8%% Gtd Nts 2000 £83.75 Smith & Nephew 51/2% Cv Bd 2000 \$275.0 Stars 1 Class A Mtg Bckd FRN 2029 £93.29

Toyota Motor Credit 714% Nts 1999 £72.50 **■ TOMORROW Abbey National Treasury** Do 75/8% Gtd Nts 1998 £76.25 Bayerische Hypotheken 6%% Nts 1999 £86.63 Canadian General Invs C\$0.50 Gartmore Smaller Co's Tst Jersey Phoenix Tst 1.5p Kyushu Elec Power 8% Nts 1997 £80.0 Morgan Grenfell Equity Inv National Grid 7%% Bd 1999 £73.75 Nova Scotla 61/4% Nts 2002 C\$54.17 Regal Hotel 9% 1st Mtg Db 2006 24.50 Slough Estates 115/8 Bd 2012 £1162.50 Tendring Hundred Water 4% Db £2.0 Venantius 71/4% Nts 2002 €54.98 VTech (Lon Reg) \$0.04 Do (Bermuda) \$0.04 Wah Kwong Shipping

HK\$0.117 WEDNESDAY **DECEMBER 31** Abbey National Treasury 7% Gtd Nts 1999 C\$70.0 Do 7%% Gtd Nts 2003 ABSA Global Dep Ropts \$0.325 Aggregate Inds 3.85% Cm Pf 1.925p Do Cv Rd Pf 3.625p

Do Cm Rd Pf 2005 5.625o Airflow Streaknines 10% Cm Pf 5p Alexanders 91/2% Cm Pf 3.325p Allied Domecq 11%% Db 2009 £5.875 Ailled Lon Props 10%% 1st Mtg Db 2025 25.375 Anglo & O'seas Tst 81/2% Db 2020 £4.25 2.5625p £4.5625 Avon Rubber 4.9% Cm Pf

Antofagasta 5% Cm Pf 2.50 Asda Prop 51/4% Cv Pf 2012 Do 91/4% 1st Mtg Db 2020 2.45p Bampton 81/4% Un Ln 2002/ 07 £4.125 Baring Tribune Inv Tst 91/6% Db 2012 £4.5625 Blue Circle 756% Cv Pf 3.8125p BOC 4.55% Cm Pf 2.275p Do 2.8% Cm 2nd Pf 1.4p Do 3.5% Cm 2nd Pf 1.75p

Bodycote 3.5p Braime (TF & JH) 5% Cm Pf 2.5p Brake Bros 3.2p Bridon 65/496 Un Ln 2002/07 £3,3125 Do 734% Un Ln 2002/07 £3.875 Bristol Water 31/2% Perp Db £1.75 Do 4% Perp Db £2.0 Do 414% Pero Db £2.125 Britannic Assurance 5% Tax-Free Cm Pf 2.5p Britax Int 0.85p British Fittings 51/2% Cv Pf 2.75p British Guiana Demerara Rlwy 4% Perp £2.0

Do Anns 50p Brixton Est-5% Cm Pf 0.8750 Do 81/2% 1st Mtg Db 2026 Do 111/4% 1st Mtg Db 2023 25,625 Do 10%% 1st Mtg Db 2025 25.375 Narborough Plantations 1.2p

Broadstoner 6% Cm Pf 2.1p Brunner Inv Tst 5% Cm Pf €1.75 Burford 95%% 1st Mtg Db 2019 £4,8125 Capital & Countles 111/4% 1st Mtg Db 2021 £5.625 Do 9%% 1st Mtg Db 2027 £4.9375 Capital Inds Cv Pd 2001/05

Cap & Regional Props 63/4% Cv Un Ln 2006/16 £3.375 Capital Shopping Centres 6¼% Sb Cv Bd 2006 3.125p Care First 11.8% 1st Mtg Db 2014 25.90 Charnos 7% Cm Pf 2.45p Chelsea Bldg Scty Sb FRN 1999 £39383.56 City of London Inv Tst 111/4% Db 2014 £5.75 City Site Estates 7% Un Ln 2005/06 £3.50 Clydeport Operations 4% Coats Patons 41/2% Un Ln Do 6%% Un Ln 2002/07 £3.375

Cobham 4.2% 2nd Cm Pf Commercial Union 8%% Cm irrd Pf 4.375p Commonwealth Bank of Australia 10 Yr Ext FRN \$304.43 Cookson 7% Cm Pf 2.45p Co-operative Wholesale 7%% 1st Mtg Db 2018 £3.6125 Coutts Consulting 2nd Cv Pf

Croda Int 5.9% Pf 2.95p Do 6.6% Pf 3.3p Daewoo Heavy Inds 14% Cv Bd 2007 \$11.32 De Beers Centenary Fin 9%% Gtd Bd 2020 4.875p Delta 4.2% Cm 1st Pf 2.1p Do 3.15% Cm 2nd Pf 1.575p Dencora 61/4% Rd Pf 3.125p

Den Danske Bank Sb FRN 2000 \$306.87 Denmark (Kingdom of) 13% Ln 2005 £6.50 Derby Tst 71/2% Db 1999/ 2003 £3.75 Durnyat Inv Tst Cv Mnthly 0.5p Eastbourne Water 11.2% Rd Db 2005/09 £5.60 Do 121/2% Rd Db 2004

26.25 Ecclesiastical Ins 10% Cm 2nd Rd Pf 5p Do 85/6% Non-Cm Irrd Pf

Edinburgh Inv Tst 111/2% Db 2014 25.75 EIS 5% Cm Pf 1.75p EMAP 5% Cm Pf 1.75n Energy Cap Inv 6% Cv Ln 1999 £2.08 Estates & Agency 111/4% 1st Mtg Db 2020 £5.625 Estates & Gen 111/4% 1st Mtg Db 2018 25.625 Un Ln 2001 1.0514p Fidelity Special Values Eaulty IL Un Ln 2004 39.24p Finley (J) 1.8p Do 4.2% Cm 1st Pf 2.1p Do 4.2% Cm 2nd Pf 2.1p Do 5% Cm 2nd Pf 2.5p.

Flare 10% Cm Pf 5p Fleming American Inv Tst 5% Cm Pf £1.75 Do 7% Cv Un Ln 1899 £3.50 Fleming Claverhouse Inv Tst 11% Db 2008 £5.50 Fleming Inc & Grwth Inv Tst 5% Cm Pf £1.75 Fleming Overseas Inv Tst 5% Cm Pf 1.75p Folkestone & Dover Water 4% Pero Db £2.0 Do 5% Perp Db £2.50 Do 111/2% Rd Db 2004 25.75 F & C Inc Grwth Inv Tst 0.8p F & C Inv Tst 111/4% Db 2014 £5.625

Fortnum & Mason 7% Cm Pf 2.450 Friendly Hotels 5% Cv Pf 2.5p Frogmore Ests 13.85% 1st Mtg Db 2000/03 £6.925 Fulcrum Inv Tst 1.4p GATX \$0.46 G.R. 101/2% 2nd Cm Pf

Gartmore Shared Equity Tst Geared Inc 2,4750 Gaskell 5% Cm Pf 1.75p Geest 4p General Cons Inv Tst Stppd Pf 2.492p Glynwed Int 7%% Cm Pf 2.7125p Govett Oriental Inv Tst 0.2p Grampian 7% Cm Pf 2.45p Great Universal Stores 5%% Rd Un Ln £2.6875

Do 6%% Rd Un Ln £3.1875 Guardian Media 4% Cm Pf Halstead (J) 51/2% Pf 1.925p. Hawtin 4,55% Pf 2,275p Headlam 5.6% Pf 2.8p Henderson-Elec & Gen Inv Tst 10.1% Db 1997/2002 £5,05 Hughes (TJ) 0.97p Hunting 3p Do 4.2% Pf 2.1p IMI 51/2% Un Ln 2001/06 £2.75 Inchcape 4.4p Invesco Enterprise Tst Cm

Rd Stppd Pf 7,125p Jarvis Hotels 3:80125-6.84225% Stppd Int 1st Mtg Db 2004 2.28075p Jones & Shipman 4.9% Cm Pf 0.6125p Jupiter Geared Cap & Inc Kayser Bondor 8% Cm Pf Kilroot Elec 91/2% Db 2006/ 10 £4.75 Kleinwort O'seas Inv Tst 4% Cm Pf £2.0 Kværner 7% Un Db 3.5p

Laird 8.9p London Park Hotels 101/2% 1st Mtg Db 2000/05 £5.25 London Town 1p Manganese Bronze 81/4% Cm Pf 2.8875p Marley 11%% Db 2009 211.875 Marshalls 11%% Db 1992/ 2014 £5.6875 Marshalis Universal 71/2% Rd Pf 3.75p Marston Thompson &

Evershed 71/4% Db 2027 20.993151 Marylebonbe Warwick Balfour 71/2% Cv Un Ln 2020 £3.75 MEPC 12% Bd 2008 £600.0 Merchant Retail 834% Un Ln 1999/2004 £4.375 Merivale Moore 101/2% 1st Mtg Db 2020 £5.25 Mid-Kent Water 4% Perp Db Perp Db £1.75

£2.0 Do 5% Perp Db £2.5 Mid Southern Water 31/2% Do 5% Perp Db £2.50 Molyneux Fin 81/2% 1st Mtg Db 2019 £4.125 Mowlern (J) 1.5p Mucklow (A & J) 7% Cm Pf 2.45p

Murray Int Tst 4% Db £2.0 Nedcor Global Dep Ropts R1.44 Newton Chambers 5% 1st Cm Pf 1.75p NHL (3) Class A2 Dfd Int

Mtg Bckd FRN 2036 £123.26 Do Mezz £164.10 Northern Rock Bidg Scty 125/4% Perp Sb Nts 263,125 Northern Telecom \$0.15 North Surrey Water 5% Dio £2.5 Northumbrian Water 3%% Rd Db 2012 £1.875

Do 12% Rd Db 2005 £6.0 Rarma Food Jnr Asset Bckd FRN 2000 L1824828.0 Do Snr Asset Bokd FRN 2000 \$1525.35 Partners 0.5p Pascoes 71/2% Cv Pf 3.75p Pittards 9.5% Cm Pf 4.75p Plantation & Gen Invs 9% Cv Ln 1999 £4.50 Polyhedron 10% Cm Pf 5p PowerGen 9p Quarto 8.75p Pf 4.375p Queens Moat Houses 12% 1st Mtg Db 2013 £6.0 Quicks 10% Cm Pf 5p REA 9% Cm Pf 4.5p Do 12% Ln 2000 £6.0 RJB Mining Gtd FRN 1997

Regal Hotel Cv Rd Pf 2001 Regis Prop 8%% Gtd Un Ln 1997 £4.375 Retail Corp 61/2% Cm Pf 2.275p Do 5%% Cm 2nd Pf 2.0125p Robinson (Ryders Green)

11% Pf 5.5p Rotork 91/2% Cm Pf 4.75p Royal Bank of Canada Fitg Rate Db 2005 \$52.71 Royal Bank of Scotland 51/2% Cm Pf 1-925p Do 11% Cm Pf 3.85p Do Ser B Non-Cm Pf \$0.70 Do Ser C Non-Cm \$ Pf \$0.59375 Rugby 8% Un Ln 1993/98

Do 7%% Un Ln 1993/98 St Andrews Tst 51/4% Cm Pf £1,8375 Savoy Hotel 4% 1st Mtg Db £2.0

Schroders 8%% Un Ln 1997/02 £4,375 Schroder Split Fd 2.1p Scottish Eastern Inv Tst 41/2% Cm Pf £1.575 Scottish Mortgage & Tst 6-12% Stppd Int Db 2026 26.0 Scottish National Tst 6% Cm Pf 2.1p Severn River Crossing 8% IL

Db 2012 £3.497 Shires Smaller Co's 1.375p Simon Eng 91/4% Db 1992/ 97 £4.625 Sirdar 71/2% Cm Pf 2.625p Slough Estates 1114% 1st Mtg Db 2019 £5.625 Do 12%% Un Ln 2009 Smithkline Beecham 1.225p Smurfitt (Jefferson) 6% Gross Pf IR2.7p Sunderland 3% Fd Debt Anns £1.50 Do 41/2% Fd Debt Anns £2.25

Sutcliffe Speakman 91/2% Cm Pf 4.75p Swan Hill 7% Cm Pf 2.45p Temple Bar Inv Tst 9%% Db 2017 £4.9375 Tootal 4%% Perp Db £2.375 Transport Deve 4.7% Pf Do 814% Un Ln 1993/98 €4.125 TR Technology Stppd Pf

3.878321p Do Units 15.513284p UniChem 3.2p United Auctions 4p United Kingdom Prop 81/2% Un Ln 2000/05 £4.25 Waddington 4.2% Cm Pf Do 5.8% Cm Pf 2.8p

Watmoughs 81/4% Cm Rd Pf 2006 4.125p Wells Fargo Sb FRN 2000 \$53.28 West Kent Water 4% Perp Db £2.0 Whirlpool \$0.34 Widney 8.76% Cv 2nd Pf 2000 4.38p Wilson (Connolly) 8% Cm Do 10.5% Cm 2nd Pf 5.25p Wolverhampton & Dudley Brews 8% Cm Ptg Pf 2.8p

Wood (A) 71/2% Cm Pf 2.625p Wyevale Garden Centres 8.5p Cv Pf 4.25p

■ THURSDAY JANUARY 1 BICC Cv Pf 4.3p Barbados 131/2% Ln 2015 6.75p Baynes (C) Cv Pf 2.9p Birmingham 21/2% 1926 £1.25 Do 3% 1947 £1.50 Do 3% 1932 £1.50 Do 3½% 1946 £1.75 Do Gas Anns 50p Do Water Anns 50p Blackburn 31/2% Ind £1,75 Do 4% Cons Db irrd £2.0 Blockleys 8% Cm Pf 1.05p Boosey & Hawkes 51/2% Cm 1st Pf 1.925p Do 7% Cm Pf 2.45p Calgary & Ed Riwy 4% Db 2002 £2.0 Can Pacific 4% Perp Db £2.0 Coastal \$0.10 Commercial Union 31/2% Cm

Pf 1.75p Crane Europe 51/2% Pf 1.925p Denmark 3½% Ln 1901 €0.485275 Elliott (B) 3.15% Cm Pf 1.575p Fleming O'seas Inv 41/2% Perp*Db £2.25 Friendly Hotels 4%% Cv Pf 2.375p Do 7% Cv Pf 3.5p Do 111/4 % 1st Mtg Db 2015 25.5625 Fuller Smith & Tumer 4.2% Pf 2.1p Do 8% 2nd Pf 4p GTE \$0.47 Hampton Tst 51/2% Cm Rd Pf 2.75p Do 8% Cv Un Ln 2020 £4.0

Hewetson 7% Cm Pf 3.5p Hull 31/2% £1.75 £2.0 Iceland Cv Pf 2,750 Kensington & Chelses 11.15% Rd 2008 £5.575 Lifleshall 5% Pf 1.75p Do 9% Cv Pf 4.5p Lincoln 3% Rd £1.50 Liverpool 21/2% Rd £1.25 Do 234% Rd £1,375 Do 31/296 £0.875 Lowland Inv 111/4% Db 2010 P5.625

Merchant Retail 0.1p Mersey Docks 35/6% Ind Db £1.8125

Mucklow (AJ) 111/2% 1st Mtg Db 2014 £5.75 Murray Income Tst 41/4% Pf 2.125p Donatantonio 0.6p New Brunswick Riwy 4% Etam 0.5p European Telecom 0.9p Perp Db £2.0

Newey 5% Cm Pf 1.75p Oldham 4% Db \$2.0 P & O 8%% Cv Pf 3.375p Port of London 3% A 1929/ 99 £1.50 Powell Duffryn 4%% Cm Pf 0.83125p

Imd £1.75

Newcastle upon Tyne 31/2%

Reading 3% £1.50 Reckttt & Colman 5% Pf 1.750 Renold 8% Cm Pf 2.1p Republic New York \$0.46 Russell (A) 51/4% Cv Pf 2.875p Savoy Theatre 4% 1st Mtg Db £2.0 Sears 7% A Pf 2.45p Do 71/2% Pf 2.625p Do 121/2% Pf 4.375p Simon Eng 5.4% Pf 2.7p Do 6% Pf 2.1p

Simons 71/2% Pf 2.625p Three Valleys Water 4% Ind Db £2.0 Do 31/2% ltrd Db £1.75 Do 4% Ind Db £2.0 Do 4% Ind Db (1994) £2.0 Do 5% Imd Db \$2.50 Do 5% Irrd Db (1994) £2.50 UK Estates 6% Cv Pf 3p WT Foods 0.5p Xerox \$0.32 Young & Co's Brew 31/2%

ind Db £1.75 FRIDAY JANUARY 2 Abbot 71/4% Cv Pf 3.625p Amec 1.75p Anglian Water 51/4% IL Ln 2008 £3,3928 Annington Fin No 1 74% Sec Bd 2007/11 £193.75 Do 8% Sec Bd 2012/21 £200.0 Armour Tst 0.54p BICC 4p Baxter Int \$0.291 Berry Birch & Noble 1p Booker 8.3p Bradford Property Tst 4.1p

Bridgend 0.1p Bristol Water 4% Cons Db British Empire Sec & Gen Tst 81/4% Db 2023 £4.0625 Do 10%% Db 2011 £5.1875 British Sugar 10%% Rd Db 2013 25.375 Brunel Cv Pf 2.30 Bulmer (HP) 91/2% Pf 4.75p Do 8%% 2nd Cm Pf 4.375p Cambridge Water 5.03p Do N/Vtg 5.03p Do 4% Cons Perp Db £2.0 Do 13% Rd Db 2004 £6.50 Carlton Comms Cv rd Pf 3,25p Chester Waterworks 11%%

Rd Db 1998/2000 £5.6875 Claremont Garments 2p

Evans of Leeds 1.17p Exeter Inv 3.1p Feliostowe Dock & Rlwy Pf Units £3.25 First Deb Fin 111/4% Sev Gtd Db 2018 \$5,5625 F & C Special Utilities Inv Tst 3.81p Do Units 3.61p Do S 2.2p Fortnum & Mason 4p General Accident 12.5p Do 8%% Cm Pf 4.4375p Guardian Royal Exchange 3.9p Hartstone 8% Cm Pf 4p Henderson Far East Inc Tst Hercules Property Serv's 3p

Next 4.60

Pf 4.75p

1.6625p

£1450.0

Hidgs 34p

Sara Lee \$0.23

Silentnight 3,3p

Photo-Me Int 3.5p Plantation & Gen 91/2% Cm

Rights & Issues Inv Tst

14.4878p Do 51/2% Cm Pf 5.5p

Rio Tinto 3.325% A Pf

Do 31/2% B Cm Pf 1.75p

Mezz Nts 2001 £181.25

Sears Roebuck \$0.23

Rubicon 6% Cm Pf 1.05p

Sabre Lease Mngmnt 74%

Do 5.8% Snr Sec Nts 2001

South Staffordshire Water

Do 9% Rd Pf 1998/2000

4.5p South Staffordshire Water

Do 914% Rd Db 1998/2000

TMC PIMBS 2nd Fin Ord

Class Nts No 3 Jul 2030

Db 2011/16 £5.125

Willis Corroon 1.65p

Yeoman Inv Tst 7.8p

Alida 91/4% Cm Pf 2008/13

Brent Int 9% Cm Pf 4.5p

British Polythene 91/3% Cm

Town Centre Sec 2.7p Tyzack Precision 0.75p

Tops Estates 104% 1st Mto

31/2% Perm Db £1.75

Do 4% Perm Db £2.0 Do 5% Perm Db £2.50

Stratagem 2p

€9124.76

ntec 3.7p

E SATURDAY

JANUARY 3

4.625p

Pf 4.625p

Hillsdown 2.2p Johnson Grp Cleaners Cv Pf 3.75p Do 9% Cm Pf 3.15p Joseph (Leopold) 4.5p Lloyds Bank 12% Sb Bd 2011 £1200.0 Locker (1) 0.3p Lyles (S) 1.5p Manchester Ship Canal 31/2% Perp 1st Mtg Db £1.75 Do 31/2% Pero Db £1.75 Do 4% Perp 1st Mtg Db Do 4% Perp Db \$2.0

Martin Int 0.5p McCarthy & Stone 8%% Cm Pf 2003 4.375p McKechnie 13p MEPC 10%% 1st Mtg Db 2024 £5.375 Merchant retail 5% Cm Pf 2.5p Meyer Int 4.5p Mid Kent Water 121/4% Rd Db 2005 £6.125 Mid-Sussex Water 4% Perp Db 22.0

Do 5% Perp Db \$2.50 Do 11% Rd Db 2012/18 Morrison Construction 1.8p Mucklow (A & J) 3.6679p New South Wales Treasury 111/2% Gtd Exch Bd 1999

A\$575.0

UK COMPANIES

■ TODAY COMPANY MEETINGS: OEM, 2-5, Stedham Place, W.C., 10.00 Paramount, Steam Mill Business Centre, Steam Mills Street, Chester, 11.00 Tepnel Life Sciences, Toft Hall, Knutsford, Cheshire,

Business Post 4.4p Peek 0.4p Temple Bar Inv Tst 4.2% Cm Pf 2.1p ■ SUNDAY JANUARY 4 African Dev Bank 111/4% Ln

FRIDAY JANUARY 2 COMPANY MEETINGS: MMT Computing, 14, Angel Gate, City Road, E.C., 2.00

Company meetings are ennual general meetings unless otherwise stated.

Please note: Reports and accounts are not normally available until approximately meeting to approve the preliminary results. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of Imminent

announcements.

This announcement appears as a matter of record only

December 1997

nicer 😉

Issue of Perpetual Zero Coupon Bonds Issue Amount: Euros 600,000 Project UNICEF Bolivia

Subscribers

Argentaria Banco CISF

Credit Suisse Financial Products

Banco Bilbao Vizcaya, S.A. Merrill Lynch España

Santander Investment

Barclays Capital Crèdit Andorrà

Bilbao Bizkaia Kutxa Goldman Sachs International

ABN AMRO Bank Caixa Catalunya Cajs Segovia Clifford Chance Deutsche Morgan Grenfell FTSE International Paine Webber International Plc Sa Nostra Caixa de Balears Sol Melia, S.A.

Ahorro Corporación Financiera SVB S.A. Caja de Burgos

C.E.C.A. Credit Agricole Indosuez, Sucursal en España Dexia Banco Local Mutualidad de la Abogacia Rotary International SBC Warburg Dillon Read Uría & Menéndez

Co-operating Entities

ABC Cinco Días El País **Financial Times** ITT Sheraton

Brunswick Group Ltd Diario 16 Expansión Gaceta de los Negocios Ludgate Communications

CF Comunicación El Mundo Euroweek IFR

on Thursday February 5 1998 For further information please contact:

The Financial Times plans to publish a Survey on

The Business

of Travel

Tina-Louise Coliins Tel: +44 171 873 4685 Fax: +44 171 873 3062

or your usual Financial Times representative

FT Surveys

someone guages?" asks the Brussels-based diplomat from the Netherlands, before answering it herself with a smirk appearing on her face. "Trilingual." Question: "What do you call someone who speaka two languages?* Answer: "Bilingual." Q: "And one

language?" A: "English." The joke always gets a laugh especially from the diplomat. But are the English really so bad at apeaking other languages? And, with the use of English increasing throughout the world, does it nities in school French lessons. matter? The questions are pertinent because the UK will this author of books on the English week assume the presidency of the European Union for slx months, and the government will more than ever have to devise the most effective ways of communicating with its colleagues in the other 14 EU countries.

Ministers and civil aervants resources into language teaching have heen taking lessons in as others, and since the 17th cen-

DATELINE

tions, aven if English is fast catching up. They are being advised to stick to English on Brussels: The English are formal occasions and use internotorious for their But linguists say ministers will lack of language win friends if they can conduct the occasional informal conversaskills. But it is no tion in another language. Some will no doubt regret lost opportulaughing matter, writes

Michael Smith

According to Mr Crystal, the

were laid down during the indus-

David Crystal, grammarian and language, has no doubts about English speakers' deficiencles: "Two-thirds to three-quarters of tury there has never heen any the human race are hilingual, but in the UK and the US all but a particular interest in learning tiny proportion are monolingual. foreign languages." The English do not put the same roots of the English completency

French - probably still the most

common language in EU institu-

trial revolution when people had to go to Britain to find out about inventions. They were strengthened hy tha influence of the US on world politics and culture.

A deep-rooted complacency

Here in Brusaels, English speakers are frequently struck by the proficiency of Belgians at languages. Go into a shop and ask a question in what you think is fluent French and the chances are you will get a reply in fluent English - this in a country where the official languages are French, Dutch and German.

Colette Flesch, director-general of translation at the European Commission, says large countries produce fewar good linguists than small countries. She comes from Luxembourg, where many citizens can speak French, Ger-man and English as well as their native tongue. "In Luxembourg

soon as we travel 50 miles we have to speak another language. Ms Flesch believes the British

command of languages has

a view shared by David Thompson of Linguarama, the languages tuition company. "Language tuition 20 years ago was very much for the multinational companies," he says. "Increasingly, professional firms and now government ministries are sending us their employees."

Even so, English speakers appear less diligent in their studies than others - or are given less encouragement hy employers. Linguarama grades students from zero to five in competence lavels. Mr Thompson says it is common for English people to start work abroad with

language they will be speaking, while most non-English speakers begin work in the UK on grade three English. "The British are improved sharply in recent years, more prepared than others to muddle through when they arrive in another country.

Given the growing use of the English language around the world and in the EU, that is perhaps not surprising. There are now at least 1.5bn Englishspeakers around tha world. In Europe more than 40 per cent speak English.

Finland and Sweden, where learning other languages. If you of English in the EU, a trend that worries both the French and the Germans. It is "likely that that means three-quarters do not EU expansion into aastern speak it."

Europe will have a similar effect. "At first we thought the east Europeans would want to speak German," says Tony Scott, head of the English unit in the Commission's interpreting service. "But at the moment they all

seem to be learning English." Experts are united in warning the UK against using this as an excuse to stop improving their languages. "Unless you apeak other languages you have no idea how much of an advantage it is," says Ms Flesch. "I used to be a foreign minister and I know that when I made the effort to speak, say, Dutch, it was appreciated. I

could negotiate better." Mr Crystal is more hlunt: "There are very strong economic The entry to the EU in 1995 of arguments for English-speakers English is widely spoken, has are selling it helps to have a symalready sharply increased the use pathy and ability in a foreign language. English is spoken hy at least a quarter of the world. But The Monday Profile: Melvyn Weiss

A force to be reckoned with

Garden, Melvyn Weiss commands views across the entire Manhattan financial district. In the past three decades he has come to be one of the most feared men throughout this territory, having established a reputation as one of America's most effective plaintiff's lawyers. Mr Weiss took a leading role in developing the concept of class action lawsults, and used it to

rom bis corner office above Madison Square

hold the Wall Street community to account in a string of cases that have tested securities law. Plaintiffs he has represented include Alaskan residents after the Exxon Valdez oil spill, and investors in companies hurt by the collapse of Michael Milken's Drexel Burnham Lambert invest-

Some of the payouts involved have been enormous - in the case of Washington Public Power Supply System Securities, one of the largest bond defaults in US bistory, he recovered \$775m, while in the case of Drexel he retrieved more than \$800m.

But his latest case could be the higgest, and has created international repercussions. Mr Weiss is the liaisoo attorney for the more than 30 US legal firms that are suing the largest Swiss banks for their part in allegedly confiscating the assets of holocaust victims during the second world war. He and 21 other firms are

acting "pro bono" - without fees. The class action is attracting strong support in the US, and the legal team has been contacted by about 80,000 potential claimants. It has made clear that it is bringing the action on behalf of all the Nazis' victims, not just those who were Jewish.

The case is still stalled in a Brooklyn court but the legal team is continuing its investigation, retaining economists to estimate the total economic benefits the banks reaped from the war.

The Swiss bankers had applied to have the suit dismissed on the basis that consensual measures are already under way to settle



mer chairman of the Federal Reserve. But Mr Weiss plainly believes there is no alternative to Iltigation: "We are dealing with the inability of diplomacy to

solve this problem. He also disputes the methods of the Volcker commission, which is attempting to calculate the exact amounts owed. "If we get trapped into thinking this about that, which we can justify with precision, we aren't doing justice to those who suffered from these wrongs, because 52 years of objuscation make it impossible to reconstruct with precision. We aren't going to play that game."

he says. This development has alarmed the issue, through the panel the Swiss more than any of the chaired by Paul Volcker, a for other campaigns for restitution

launched in the past two years. As Mr Welss puts it: "They know who we are. They've studied us inside and ont. We are seasoned lawyers and we are well financed and we aren't going away."

Both the lawyers and the hanks are now in uncharted waters. Mr Weiss flew to Zurich this month to face the hanks' chief executives in a meeting brokered by the US State Department, but those negotiations remain embryonic and both sides are braced for litigation that could last some years.

The Swiss banks may not be the only corporations to face legal actions. "Two months ago a wonderful gentleman, Jerry Blumenfeld, a survivor of six concentration camps who was used as a

urging me to bring an action for slave labourers against the com-panies that ware unjuatly enriched through slave labour.

he says. While Mr Weiss gives no hints on whether he is ready to launch such an action, it has the potential to affect some of the most powerful industrial conglomerates in Europe. There are also distinct signs, with the US stock market continuing to abow severe jitters after its prolonged hull run, that be may have more

work to do closer to home. He suggests that this may have something to do with tha strong attacks on the legal profession from Wall Street. Previous newspaper reports have referred to him as a "crocodile lawyer", and there is heavy criticism for the money that class action lawvers. almost always paid on a contingency basis, can attract.

Typically, they receive about a third of the total settlement awarded. But the lawyers bear all the costs of investigation, and as they are pald on contingency they bear the risk that they are unsuccessful. They also have to factor in the risk of dealing with an unsympathetic judge.
"We are under attack here in

the US because what corporate America has done is take what I think is one of the greatest things in our system - access to the courts - and make it what they call a litigation tree grown in a lawver's garden. They've portrayed it as a mechanism for lawyers getting richer, rather than for victims getting remedies and wrongdoing being deterred.

"That's an ironic twist because there's more frand going on in this country than ever hefore, and Wall Street is clearly selling junk all over the place. But it's the lawyers who are trying to run it in who are being criticised.

"It's like turning the world on its head. Other companies an investors come to the US from all over the world precisely because they sense they can get justice here." he says.

John Authers

FT GUIDE TO:

ROUBLE REDENOMINATION

Redenomination? What bave those crazy Russians come up with this time? At midnight on December 31, the Russian central bank will lop three zeroes off the long-suffering rouble. This numerical sleight of hand is supposed to help restore popular faith in the bruised rouble whose value has plummeted nearly 10,000-fold

since the Soviet Union collapsed. Thanks to triple-digit inflation, the rouble today trades at about 6,000 to the dollar. A million rouhles, known in slang as a limon, or lemon (in Russian it rhymes with million), has become a

fairly commonplace unit of money.

These stratospheric figures do little to bolster the ordinary Russian's already battered confidence in the national currency. And so the central bank is, as it were, giving the roubla a facelift.

Why make the change now?

In theory, rouble redenomination was meant to be the crowning achievement of six years of turbulent market reforms. Having kept the Communists out of the Kremlin in the 1996 presidential elections, the Yeltsin administration boped to complete its market reform drive this year prediction was that 1997 would be a year of falling interest rates and lower inflation. These fundamentals were to lay the groundwork for 1998, when the government hoped that, after nearly a decade of contraction, the Russlan economy would at last start to grow.

The new slimmed-down rouble, introduced just as the good times started, would be tha symbol of the new era with the days of hyper-inflation and depression in the past. But the financial crisis in Asia has infected Russia, forcing the government to spend billions of foreign reserve dollars to defend the rouble and push interest rates back above 30 per cent.

The central bank is determined to go ahead with redenomination, but the new rouble will be the standard-hearer of a financial system that is much shakier than the Kremlin had hoped.

What happens to the old inflated roubles? The aim is to change the number of zeroes on Russia's banknotes. The old roubles will be legal tender until the end of 1998 and tha central bank will continue to exchange old roubles for four

Do Russians think it is a good idea? Definitely nyet. In theory, Russians are happy to replace their inflated national currency with a dignified banknote that can hold its own against the dollar and D-Mark.

But 70 years of Communism and nearly seven private traders. In spite of constant official reasurances to the contrary, many helieve the January 1 redenomination will be a repetition of the fate of its bloated predecessor confiscatory monetary reforms they endured under Stalin and Khrushchev. They still remem-

ber the botched reform of 1991 when people had just three days to trada old banknotes for new, creating panicked queues outside Russian banks

and depriving millions of their life savings. If the government does not get them, most Russians think the merchants will. Russians believe stores will use tha redenomination to increase prices so many are snapping up goods before the change. Others are switching their savings to the banknote which, at least for now, is still Russia's favourite currency: the US dollar.

Why do all goods in Russia have two prices? This is part of the central bank's sophisticated public relations campaign to convince Russians

that redenomination will not be a rip-off.

To help Russians get used to the idea of alimmer roubles, and to remind them that the old banknotes will be valid for another year, all merchants have to post two prices - one in old roubles, the other in new. The central bank is also bombarding the Russian airwayes twice an hour with advertisements for the new currency.

But there are no advertisements forewarning visitors from North America and much of western Europe. They already find restaurant bills in the millions and hotel bills in the billions traumatic, Facing two bills, which differ hy a factor of 1,000, may be worse.

But foreigners should take heart. After a few months of confusion, the redenomination is likely to make Russian prices more familiar for foreign visitors - except, of course, for the Italians.

What is a YE and will it be redenominated too? For the past couple of years, many Russian stores and restaurants have displayed prices in YEs, an imaginary currency that could only have been dreamed up by a nation with centuries of experience in evading hureancratic edicts. YE is an abbreviation for uslamaya yedinitsa,

which means "theoretical unit", a non-existent currency whose rate of exchange to the rouble is, magically, identical to that of the dollar. When the government began to discourage post-

ing prices in dollars, Russia's inventive merchants came up with YEs, a Jesuitical formulation that allowed them to follow the letter of the law hut also avoided the inconvenience of working with the ever-inflating rouble.

In preparation for the rouble redenomination, Russian authorities have toughened their insistence that all goods and services be sold only in roubles. Even credit card sales, which until recently could be transacted in foreign currencies. must now be done in roubles.

But the bardy YE refuses to die. It has been years of capitalism have taught ordinary Russians spotted on several recent shopping excursions to be deeply suspicious of the government and around Moscow and, laws notwithstanding, will

Chrystia Freeland



FINANCIAL TIMES

Providing essential information and objective analysis for the alabat financial industry

FT World Tax Report

A Monthly Newsletter

For 25 years, FT World Tax Report has been providing a single source of accurate reporting on and expert analysis of international tax.

By subscribing to FT World Tax Report, you will ensure that you can:

* plan your tax strategies effectively * focus quickly on regional and international developments

* interpret the practical implications of new developments * receive detailed reporting on tax

issues in EU countries * understand tax reforms in

Eastern Europe * track tax treaties.

Subscribe now to ensure that you have the best information available on international tax developments, every month. Twelve issues a year 4405 (UK) £435/US\$740 (ROW)

Call +44 (0) 171 896 2314 for your free sample copy or fax +44 (0) 171 896 2274

FT Financial Publishing, Maple House, 149 Tattenham Court Road, London WIP 9LL UK.



Wolfgang Münchau • Economics Notebook

On the outside looking in

Holding back from Emu may not be such a safe option for the UK

perverse view of risk. Change tends to be seen as more risky than leaving well alone. The same thing applies to the UK's formal EU-wide agreement on position oo economic and mone-savings tax harmonisation, as it position oo economic and mone-

Staying out of the first wave of Emil was seen as minimising the risk, while the opposite would have been regarded as reckless. Gordon Browo. UK chancellor, cited a mouthful of reasons against early membership, but omitted to spell out the disadvantages of late arrival.

It was no surprise that his bership in this parliament was welcomed primarily as a safe This view might misjudge the

dynamics of Emu. It is a project without precedent of kind and scale. It could trigger political decisions among its participants and lead to economic consequences that could be obstacles for potential latecomers. First indications that this may

be happening surfaced in recent wecks. The Euro-X group of finance ministers - agreed at the Luxembourg Eli summit this month - was set up as an informai institutional mechanism designed to drive forward the co-ordination of economic

EU officials reckon that the than later. Top of this list is the understand the policy process. barmonisation of savings taxes. previously opposed by the UK ECB will be modelled on the and Luxembourg. Finance minlsters, fearful of losing revenue.

will treat the euro area as a Synchronicity: rates move closer genuine single market, and thus savings will invariably flow to the tax havens.

The UK can, of course, block a did in the past. More likely, the 11 countries expected to take part in Emu will probably harmonise among themselves volun-

Corporation taxes, indirect taxes and excise duties could be next in line for harmonisation across the euro-11. This may not result in unified rates of tax but common tax bands and rules. The key point is that the UK would be expected to adopt whatever the prevailing rules are among the euro-11 when it decides to John. The European Central Bank

also appears to he developing contrary to UK interests. A senior UK monetary official sald he regretted the decision

not join Emu in 1999 for one particular reason: the operational structure of the Bank of England would have made a perfect role model for the ECB much more so than the German Like the newly independent

Bank of England, the ECB will have to establish an immediate track record. In the UK, the greater trans-

parency of monetary policy has issue of tax harmonisation is helped individuals, companies bound to crop up sooner rather and financial markets better But for better or worse the

more secretive Bundeshank. The

UK will not be represented. The

fixed term of eight years. Tony Blair, UK prime minister, will not have a vote when other EU leaders take the decision. However, if he is lucky, they might keep a seat warm on the ECB'a executive hoard until the UK

he ECB will set up office around June next year. One of its first decisions will concern its internal operating structures. There is a possibility that the executive hoard will be based on the French system of cabioets groups of hand-picked advisers rather than being made up of career officials, as is common in the UK and Germany.

The UK cannot influence the decision but will have to accept the structure once it

With the UK on the outside, are acutely aware that savers ECB president will be chosen for mum reserve requirements, strong or weak. But most think wolfgang.munchau@FT.com

which UK officials regard as damaging to the City of London. These in effect act as a tax on

financial transactions.

They have long lost their standing as a policy tool, but proponents argue that the Asian financial crisis highlights the need for minimum reserves as an emergency instrument. With the UK out, the ECB may adopt a moderated form of mone-

tary targeting - a policy based on the pursuit of pre-defined money aupply targets. The UK and Sweden operate a system of inflation targeting, where the government picks an inflation rate for the central bank to target. But neither coup-

try will be part of the first wave

The next set of risks could stem from developments in the economy and financial markets. Currency experts disagree on the ECB is certain to adopt mini- whether the euro is going to be

ling trapped in the crosswinds of the euro/dollar exchange rate. Yet, in order to qualify for Emu, the UK will have to demonstrate two years of exchange rate atability. Evan the argument that asynchronous husineas cycles favour late entry might be

It is true that the UK and continental ecocomies are out of synch. Nominal short-term interest rates in the UK are 7.25 per cent compared with 3.3 per cent in the euro-zone. But by 1999, the gap will have

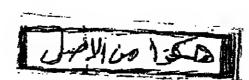
narrowed significantly, according to the latest forecasts. UK interest rates will still be higher than euro-rates in 1999. But it is unclear wbether that difference will be greater or less in 1999 than in 2002, or indeed in any other year. The risk in late entry could

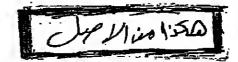
turn out to be far more symmetric than widely estimated, or even inversely asymmetric: they might rise more the longer the

It is conceivable that by 2002 the UK government may find that the political obstacles of joining Emu are too onerous; or that sterling might be too volatile; or that the economy is in recession: or that its comfortable parliamentary majority may be

reduced It was Mr Brown who sald recently: "We are all long-

termists now." In contemplating UK cotry into Emu, we might not have a





NEW YORK

the title role in a revival of Peter. Games tonight at the

re you a Classical Purist, or a Mainstream Stalwart? A New Mod-

ernist, or just a Good-Time Novica? This

summer the South Bank Centre

commissioned CRAM Interna-

tional to do some research into their audiences, what they liked and wanted; and CRAM "grouped" concert-goers into those four "dis-

tinct personality types", each with

"different motivations".

Metropolitan Opera. The castalso includes Patricia Racette as Ellen Orford and Alan Opie as: Balstrode. Dirvid Atherton

conducts. There are four further performances, the last being a natinee on January:10: Not content with conducting the Met's current run of Boxs Godunov, Valery Gerglev Joins the New York Philhamionic Orchestra on Wednesday for a New Year'a Eve gala. He follows this on Friday with the first of three performances of Mehler's Sixth Symphony Saturday is

Gerglev's big day: Musorosky at

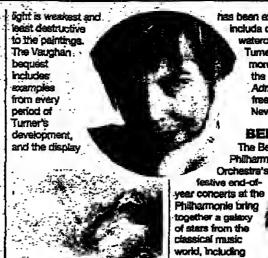
the Met in the afternoon, Mahler

at Avery Fisher Hell in the

evening.

EDINBURGH The New Year begins with the National Gallery of Scotland's: arvuel display of 38 Turner watercolours (right), bequeathed by Victorian art collector Henry Vaughan. These works are only I on show in Jenuary, when the

ARTS



has been expanded to includa other ratercolours by Turner, acquired more recently by the Gallery. Admission is free - even on New Year's Day BERLIN The Berlin Philharmonic festive end-of-

Philharmonie bring together a galaxy of stars from the ciassical music world, including Bryn Terfel (right), Anne Sofie von Otter (above), José Cura, Mikhail Pletney and Claudio Abbado. The

esday consists of extracts from Carmen and a selection of orchestral bon-bons.

GENEVA

Judith Howarth (left) sings the title role in a new production of Donizatti's Le tille du régiment at the Forces Mortrices on New Year's Eve. The cast also includes Sarah Walker and Gilles Cachemaille. The show runs till January 19, with Annick Massis replacing Howarth in some

VIENNA

Zubin Mehta (below) conducts the Vienna Philharmonic's Nev Year's Day concert at the Musikverein, Mehta has presided

over the event on TWO in 1990 and



ever lagran in . والوالونونوفيدها

Search ...

The State of the S

Sheet and

A. 180

The second of the second

Freedom to the .

rings to the

1.00

1544

patrick Vindentical Control

Etry By May

-

4.4

See March

The state of the state of

Array Landson . .

Mariani, Landing

東州美元 ・カー・

amaz e

3

Responding the second

V.7.2

the transfer of a bergan

विकास की जिल्हा है। जिल्हा

V-42

2-nts

海 地路 八年八日

looking in

or transfer foreignal

\$450 mm

Marie Town

و اختوان وياچا د گلوي

-- -- --

Branch Carlotte

St. M. St. St. St.

special ...

ş- 🔸

ř. ._

3-2-2-

... فينسون ال

11111111111111

parties of the

Section 1

gas teat of an in-

galage and the second · ... (E-4)

get, in the entire

المالية والمستوالية والمستوالية

SERVE WEST

والمناو والمناط والمنافق

يات روحات د د پين<u>د د د</u>

4 A ...

(P.)

groups of the first of

Appendix and a second

5 F

وبالماذح الشميات

G. A. Street, S. Communication of the Communication

建工学生 14 分型人工

The Barrier

医在父母教育 安文

The state of the state of the

A TOTAL CONTRACTOR AND A SECOND

And the second of the second

Butters was a con-

. The the second of the

CRAM's research was qualitative - "in-depth sessions" with five "focus groups" of eight concert-goers each, selected on spe-cific (bnt unspecified) criteria from SBC mailing-lists - rather than quantitative (wider surveying, with questionnaires and statistics). The summary the SBC has sent me doesn't say whether CRAM formulated their "grouping" before they selected their subjects or afterwards, on the strength of what their in-depth sessions revealed. Perhaps it just sort of emerged.

On closer examination, the four personality-types seem to be not only distinct, but mutually exclusive. The Classical Purist is 50plns and predominantly male, attends concerts two or three times e week, reveres 19th-century and earlier music, feels "threatened by change" but still searches for e "'peak' musical experience". Contrartwise, the risk-taking New Modernist, aged 25 or 30, dismisses "traditional classical" music as "formal, rigid. safe", is intensely involved with 20th-century music and sees the arts as "pioneering new social val-

Obviously they will never go to the same concerts, though they may scowl at each other in the street. Presumably the Classical Purist goes to hear Haitink in Mozart but not in Shostakovich, Solti in Beethoven but not Mabler. (At least that leaves him more evenings for the Wigmore Hall, which is surely his natural habitat.) So who does go?

The Mainstream Stalwart, of course, whose kind make np what the Royal Festival Hall calls its ace. He e "the known and familiar" (not furbut "wary of experimentation" also "interested in in-house facilities like shopping, outlets, catering". Thank goodness for him, or

lt remains a mystery, nevertheless, how the recent Lutoslawski and Ligeti mini-festivals drew such good houses. Who were all those people? They must have been Good-Tima Novices - "firsttimers to the RFH, and occasional concert-goers" (so how come their names were on the mailing-lists?) - who wanted merely to visit tha hall, and happened upon thet music by accident. ("Venue plays an important role, as programme is unfamiliar", though "big names and popular composers are very

Luckily, they seemed to enjoy approach"? - but that wouldn't not to mention Britten and Tip-



What the audience really really wants

Should classical music concerts be tailored for specific musical 'types' in future? Oh no, the more anarchy the better! writes David Murray

RFH" (donble-glazing, maybe), coming... nicely corroborating the SBC'e anxious plea for refurbishment, the G.-T.N. is content to Tike the idea of more links with NFT, RNT and MOMI", the SBC's neigh-

Just what the SBC happens to N.M. has nothing relevant to say: there are more plausible alternatives, for towards the end of the SBC's summary two hitherto unmentioned groups turn up.

The plain Modernists (less mili-

"shared social experience" - tives, then, who "believe in the postwar music.

"drinks at bar, eating, people-purity of classical music alone" In fact they watching" (I agree about that). (probably den't want accompany-practically all ' ly den't want accompany. some 20 concerts a year, seeks Where the C.P. is credited also ing light-shows, nor interpretative with wanting the RFH "restored dance)? Unless "classical" here ther defined), is drawn by to former grandeur", and the less means 18th/19th-century Classical, "strong" conductors and soloists tradition-conscious M.S. desires in which case they are Purists "improvements in fabric of the who shouldn't have dreamt of

> onestly, I think these categories are built round pure fantasy-figures. Yes, there ore "New Modernists", but they don't come want - but how do newcomers to hear the London Sinfonietta in know about all that? (Only the new "classical" music; they listen instead to World Music and/or presumably he doesn't give a Indies, techno-pop, improvised damn about the venue.) Perhaps music and other picturesque communal things.

> There are many "Classical Purists" too, in the positive sense (they want Classical works played straight, not mucked about). But tant than New Modernists, per- most of them came round long haps), who "like e lively cross-arts" ago to Bartok and Stravinsky too,

warts". Some of them, unsurprisingly (it was ever thus), are readier to try newer stuff than some others: because a friend has told them about it, or they've read something which made it sound tempting, or have heard enticing samples on tha radio.

If CRAMming people into dodgy categories were to have any impact on what the South Bank decides to programme, one would be dismayed. Fortunately, the conclusion the SBC has drawn from these "findings" is that they should continue - surprise, surprise! - exactly as before: with e wide range of concerts to satisfy many tastes, along with the Barbican and the Wigmore Hall (which accommodates song-recitals and chamber music far better).

too; and a "major motivator" is or Lutoslawski. The Conserva- covered exciting virtues in newer these: (e) that currently famous cert. (or well-byped) solo performers In fact they - and we - are will draw crowds, like e few I meant to predict future suc-practically all "Mainstream Stal- renowned conductors too; (b) that cesses for some of the new musiroutine concerts of Beethoven and

> indefinitely repeatable. And (c): that promising performances of big pieces in the concert-hall still exercise a unique appeal, far heyond CD reproductions. Anybody can understand why. And also (d): that nobody should pretend to know which new music will arouse critical acclaim, attract larger audiences, and in the long run expand the

standard repertoire in original

directions. Honest critics should not play at being prophets. Wrong guesses are endemic and inevitable, even among very clued-up musical people. To the general public, nei-Ona hopes that the CRAM ther wrong guesses nor right ones inquiry didn't cost the SBC management much, but probably it did. The relevant facts for concerting the property of the property of

it. They like "children's events" prompt them to rush off to Ligeti pett, and many of them have dis- hall managements now are only crowd et some wrong-guess con-

I've run out of space, just when that soon even the gruff, cians I heard this year. It doesn't forced to see the error of his matter. Some of them have made | ways and proclaim free love Tchaikovsky cannot now compete with CDs, which cost less - often an immediate mark anyway, some for all. for better performances - and are will disappear smoothly into limbo; others will be recognised seemed to be fuelled more later, perhaps for reasons that we by audience goodwill than never began to appreciate.

The battered heroes of concert- managed to work up to a going, we like to think, are us climax by the end. But critics, who troop off to many, despite the gay content it many more concerts than any sensible person would do - purely in Although the heroines were the hope of being able to advise thwarted, the courtiers you that some new composer, conductor or performer is worth hearing, or that some established one has begun to sound dispirited, flat or perverse.

Sometimes, naturally, we get it wrong. But would things be rousing cheer. improved if, say, all South Bank concerts were tailored for specially predisposed audiences and specialist critics? The more anarchy the better, say Il These days,

Panto **Cinders** with a

difference

from this year's Drill Hall panto, Cinder-ello the Real True Story, is that the oral tradition has never died, it has just been hiding in the closet.

In true Drill Hall style this is a Cinderella with a difference. Here Cinders discovers that her dream lover is - a charming princess; spoilt mind you, but charming nonetheless. There are "she's behind you's", kings, princesses and hideous witches apleoty but, as you would expect from this venne, the genre is slightly subverted.

The "most ghastly of Gorgons" turns out to be just your everyday slattern with a mild case of halitosis and some domestic hygiene problems. Even more disturbingly. Cinderella is a woman who not only enjoys cleaning hat is positively fanatical about it. Some of the best moments of this piece spring from this last point as the Princess struggles against her essentially slothful and pampered nature - "I've seen cooking" she says, "and it's not for

Sandra Jemes Young as Cinders' vivecious Fairy Grandmother (yes, Grandmother) shoots her spells straight from the hip. Her homespun homilies are cut from a different cloth from those of the conventional court, and her power is such

Although the first half by pace and timing, the cast remained fairly tame stuff. revolted and Cinders threatened with boiling in oil, it was all presented in so gentle a manner that all one felt like mustering was a polite "here, here" rather than a

Sam Albasini

At the Drill Hall, London WC1 to January 10 (0171 637 8270).



AMSTERDAM

AMSTERDAM

EXHIBITIONS Stedelijk Museum Tel: 31-20-5732911 www.stedelijk.nl Malevich: Works on Paper from the Khardzhiev Collection. 79 drawings in pencil, chalk, gouache, ink and watercolours, spanning almost the whole of the Russian avant-garde artist'e career, to Jan 25

OPERA Netherlands Opera, Het Muziektheater Tel: 31-20-551 8911 Dialogues des Carmélites: by Poulenc. New production conducted by Yves Abel in a staging by Robert Carsen;

BERLIN CONCERTS

Philharmonie Tel: 49-30-2548 8354 Berlin Philharmonic Orchestra: conducted by Claudio Abbado in works by Weber and Beethoven: Dec 30, 31

OPERA

Deutsche Oper Tet: 49-30-34384-01 Hänsel und Gretel: by Humperdinck. Conducted by Olaf Henzold in a staging by Andreas Homoki: Dec 30 Le Nozze de Figaro: by Mozert, New production conducted by Christian Thielemann and staged by Götz Friedrich, with sets by Herbert Wernicke; Dec 31

■ CHICAGO EXHIBITIONS Art Institute Of Chicago Tel: 1-312-443 3600 www.artic.edu Renoir's Portraits: Impressions of an Age. Around 65 paintings spanning the artist's career, of subjects including Claude Monet and Madame Renoir. The show has been seen in Ottawa and will

travel to Texas: to Jan 4

CLEVELAND EXHIBITIONS Cleveland Museum of Art Tel: 1-216-421 7340 www.clemusart.com When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries, when they were of immense

economic and cultural

significance. Including the most important known "cloth of gold". The exhibition will travel to New York: to Jan 4

LONDON CONCERTS

Barbican Hall Tel: 44-171-638 8891 New Year Viennese Evenings: John Georgiadis conducts the London Symphony Orchestra in a programme Including dances by the Strauss family, Dec 31; Jan

DANCE Royal Festival Hall Tel: 44-171-928 8800 The Royal Ballet: programmes including Peter and the Wolf, Tales of Beatrix Potter and Les Patineurs: Dec 29 30, 31; Jan 1, 2, 3

Hayward Gallery Tel: 44-171-261 0127 www.hayward-gallery.org.uk Objects of Desire: Tha Modern Still Life: Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to

Tate Gallery Tel: 44-171-887 8000 The Age of Rossetti, Burne-Jones and Watts: Symbolism in Britain 1860-1910. Works by British artists including the pre-Raphaelites Rossetti and Burne-Jones are presented alongside those of European

contemporaries such as Redon and Moreau. The show aims to demonstrata the powerful Influence of Symbolism on British artists: to Jan 4

OPERA Shaftesbury Theatre Tel: 44-171-379 5399 The Royal Opera: The Merry Widow, by Franz Lehár, in e new translation by Jeremy Sams. New production by Graham Vick, with designs by Richard Hudson; Dec

31; Jan 1, 2, 3 ■ MILAN DANCE Teatro alla Scala Tel: 39-2-88791 Giselie: with sets and costumes by Marie-Louise Ekman; Dec 31;

OPERA Teatro alla Scala Tel: 39-2-88791 Macbeth: by Verdi. Conducted by Philippe Auguin in e staging by Graham Vick, with designs by Maria Bjornson; Dec 30; Jan 2

■ NEW YORK CONCERTS

Jan 3, 4

Lincoln Center Tel: 1-212-721 6500 www.lincolncenter.org New York Philharmonic: New Year's Eve Gala. Programme of works by Tchaikovsky, Mussorgsky, Ravel and Bizet. Valery Gerglev conducts. Soloists Include mezzo-soprano Olga Borodina, bass Samuel Ramey and planist Alexander Toradze;

Avery Fisher Hall; Dec 31 DANCE New York City Ballet, New

York State Theater Tel: 1-212-870 5570 George Balanchine's The Nutcracker: Dec 29, 30, 31; Jan **EXHIBITIONS**

Brooklyn Museum of Art Tel: 1-718-638 5000 Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims In blus air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Rivieras in the 1880s, to Vanice in 1908; to Jan 4

Museum of Modern Art Tel: 1-212-708 9480 www.mome.org Egon Schiele: (1890-1918): The Leopold Collection, Vienna. Around 150 works by the Austrian Expressionist, dating from 1905 through 1918; to

Pierpoint Morgan Library Tel: 1-212-585 0008 Medieval Bestseller: The Book of Hours. Selection of 100 of the library's prayerbooks; to Jan 4

 Romanticism to Realism -19th Century German Drawings: survey of 50 works from the collection, Including drawings by Caspar David Friedrich and

watercolours by Adolph Menzel; to Jan 4

OPERA Metropolitan Opera, Lincoln Tel: 1-212-362 6000 www.metopera.org
Il Barbiere di Siviglia: by Rossini.

Revival of a staging by John

Cox; Dec 31; Jan 3

PARIS **EXHIBITIONS** Musée d'Art Moderne de la Ville de Paris Tel: 33-1-5367 4000 Gilbert & George: majo retrospective of tha British artists, comprising some 120 works and spanning their career from their meeting at St. Martin's School of Art in 1968 to the

year; to Jan 4 **OPERA** Opéra National de Paris, Opéra

"Fundamental Pictures" of last

Tel: 33-1-4473 1300 La Traviata: by Verdi. Production directed by Jonathan Miller and conducted by James Conlon; Dec 30; Jan 1

Opéra National de Paris, Palais Gamier

Tel: 33-1-43439696 The Merry Widow: by Franz Lehár. Armin Jordan conducts a new production directed by Jorge Lavelli, Dec 29, 31

■ ROME OPERA

Teatro dell' Opera Tel: 39-6-481601 www.themix.it La Fiamma: by Respighi. This

first production of the season is by Hugo De Ana, and is conducted by Gianiuigi Geirnetti; Dec 30: Jan 2, 4 **■ WASHINGTON**

CONCERTS Kennedy Center Tel: 1-202-467 4600

Symphony Orchestra conducted by Murry Sidlin in the Concert Hall: Dec 31 **■ TV AND RADIO** WORLD SERVICE **BBC** World Service radio for

New Year's Eve at tha Kennedy

Center: members of the National

648 kHZ (463m) **FUROPEAN CABLE AND** SATELLITE BUSINESS TV

Monday to Friday, Central

western Europe on medium wave

Europe can be received in

European Time: ■ NBC Europe 10.00: European Money Wheel Nonstop live coverage until 15.00

of European business and the financial markets. 17.30: Financial Times Business Tonight

CNBC 08.30: Squawk Box

10.00: European Money Wheel 18.00: Financial Times Business

Government of tha people, by the people, for the people: a nice idea, and certainly not one that anyone would wish to see perish. But a touch

So, at least, the political elites would have it. Best to settle for government of the people, by political parties, for the parties' constituencles and any swing voters that can be swung. After all, say the elites, if not parties the mob. Representation as we know it may be a poor form of government, but the alternatives are worse.

Though the first part is true, the second part of the claim can only be sustained if you insist on looking backwards. Looking forward to a world enriched by all but limitless flows of information and intelligent appliances to make sense of it. there will be all sorts of alternatives to present concepts of democratic representation: alternatives that could mark the end of party

politics as practised today. When Al Gore, the US vice-president, talks of a new age of Athenian politics usb-ered in by the internet, he is roundly pilloried for encouraging "push-button politics". Direct democracy, any good party politician will tell you. is a terribly dangerous thing. as strife-torn Switzerland and poverty-stricken California bear witness.

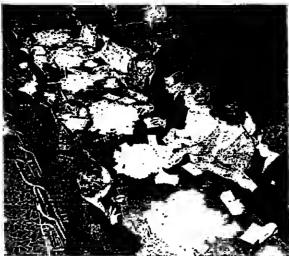
Leaving aside the self-serving nature of such an argument, there are fairly good arguments against plebischte as the norm, just as there are against denying the people any plebiscites. The important point, though, is that direct democracy, electronic or otherwise, is not the only alternative path to a mandate in a digital world. If it were ever true that parties and the moh were the only choices, it is no longer

A vote is a peculiar and privileged transfer of information. Organising such transfers using papers, pencils and people is cumbersome, but computer networks handle such things rather well.

Marcel Bullinga, a Dutch internet activist, has argued that it should be relatively straightforward to adapt the technologies of electronic

Push-button democracy

Technology could make political parties redundant, argues Oliver Morton



Vote count: computer networks perform this function well

signed for a different peculiar and privileged transfer of information, to the needs

"Relatively straigbtforward" bere means surprisingly finicky and hard to get right, but not fundamentally impossible. Ingenuity and encryption would thus allow the people to be Issued with electronic franchises. Like electronic money, they would be individual, anonymous, unforgeable, countable and - crucially - transferable. Imagine such franchises

being issued regularly, each issue bearing on either a specific plan, or a piece of legislation, or perhaps a broad area for concern. Every voter would get one by means of computer, television, phone or whatever, If you think this might further alienate the socially and politically excluded, there might he an argument for giving such people multiple votes on certain issues as a way of drawing them back into the debate. Nothing helps inclusion as much as a feeling that your say is being valued

People could vote in different ways on different issues. cash, which have been regardless of party lines, on within governing parties.

How will your software

Many orthway magrant, will live, problems coming with the year 2000 And so will

The SAP Rest software carbody your company notes this and many other

challenge of microsystems, sometiment and contents capabilities and internet

applications mean way worst agreements on 1x the Function may new business trends

After a brief implementation of a A SAPS R. A fundated interprise software

an induced a count workflow offices those thoughtour organization. And with networked

better internation, and to ter discusses the most your humbers will run the way you've

R. We modely do not not only give, you an individual solution tailored to war-

read, but the functionality first and a salidate country property code; R. J. S quite

Competitive software solutions that accompany you for beyond the year 2000

emply the perfect selection for a impance of all account to mail sectors of industry

forming or conformation for the control and other departments is during managed

contribution recording their earliest task too pack to 1960 upon doronto the next undertuning

This problem is the dynamic time to an element and contract in and time is running our

SAP is ready for the turner. But may not all

almost ward of the

react to the turn of the century?

They could vote directly, if they wished, but they would not have to. Instead of choosing to follow all the debates on a given subject herself, a voter could simply choose someone she trusted and transmit her individual. anonymous and tallyable franchise to that person, or organisation. On workers rights she might think Aslef

likely to take a sensible

point of view, or she might

prefer Asda; on a "green'

represented by Friends of

the Earth or hy Fulham

council. When the electronic

debate was done, these intermediaries would cast all the votes in their power. Today, the political parties operate a cartel of representation, one which limits voters' choices and bundles together views that do not necessarily sit easily side by slde. Electronic franchises would break down this cartel. Many issues could be decided on hy representatives drawn from a wider pool and with a more focused mandate. Framing the terms of the debates would be hard, but it would be much more transparent than It is today, wheo it goes

Such a system may sound like a huge transfer of power to special interest lobbies. But the lobbies already have power, what this mechanism would do is put that power within a legitimate context. At present, lobbies neither put up nor shut up. They can claim the people's will by finding statements of their aims that the public will accede to in opinion polls; they can try for the moral high ground in debate. or go low with bullying. favours and threats. But they do not have the strength of their support tallied and revealed; they do not have to make trade-offs in long debates. Competing for mandates would force that discipline on them.

This sort of political settlement goes with the grain of what's happening elsewhere in the digital realm. A short while ago, gurus claimed that the worldwide web meant death to all gobetweens as everyone sought to buy directly from suppliers: disintermediation was the name of the game. In political terms, this cutting out of the middlemen would be the equivalent of a direct plebiscite on everything. But though disintermediation is doubtless happening, it is far from the whole story.

People like intermediation: it saves them from doing everything themselves. The weh is now showing distinct signs of reintermediation to the benefit of a new class of middleman. Intermediaries who thrived on privileged access and a knowledge of the subtleties of the process do not have the easy lives they once had. The new intermediaries understand customers could always buy direct and will come to them not for access but for content to be guided and under stood, to be offered some-

thing hy someone they trust. The new politics might well be like that, dominated hy ideas and solutions rather than by knowing the proce dural ropes and operating the party machine. Trust would need to be regularly earned and it would have to be seen to be merited; each niche would be endlessly competed for. Massive conglomerates of opinion and opacity such as today's politlcal parties would find it hard to prosper in such a world. The only question is bow to create it in spite of

The IMF needs to repair its image and boost its role in trade

Sir, I read Gerard Baker's article beaded "Someone must save the IMF, please (December 19) with some misgiving. It sppears that the International Monetary Fund could be severely damaged both by recent blows to

the inadequacy of its remaining resources and to its credibility. As to the latter, both Denis Richard and Jeffrey Sachs (Letters, December 19) give their reasons for this I note that in the mid-1990s Michel Camdessus, the IMF

managing director, had expansive plans to play a bigger part in both developing countries and the indus trial world and had been lobbying for an increase in special drawing rights (SDRs). He also argued for an

increase in quotas to strengthen the IMF'a capital base, partly to help the poorest countries, partly "as a last resort financing net for the world" to be financed by the issue of SDRs.
At about the time the

Group of Seven (G7) agreed to intensify the international surveillance of economies so as to ensure that future crises, such as the then recent Mexico one, that threatened the world financial system were handled less as a

We are entitled to know why decisions are taken at G7 summits and then appar ently not implemented.

David Barton. Loafers. Bosham Lane, Old Bosham, West Sussex, UK:

From Mr John Raven: Sir, Your leader, Trade and Asia" (December 22). gives timely warning of a possible relapse into protectionism by some of the economies now under specia financial stress and strain. As a footnote to the ani-

mated debate on International Monetary Fund policy, in your news and letter columns, it may be useful to encourage the fund to take an unspectacular but important step in the reverse direction, towards foller and freer trading, by giving new depth and focus to its established policies in customs

reform For many years it has ployed numerous experts to help deficient customs, by no means uncommon in Asia and elsewhere, to improve standards of revenue collec-

This if seen by the castoms services concerned as the only IMF objective, can easily invoke protectionism by equating good control with rigid complex regulation. A classical example is the damaging practice of routine opening, and invariably superficial inspection, of all imported containers. Today, computerisation, ament and a range

of practical aids to efficiency, sponsored internationally by the World Customs Organisation, can provide every customs ser vice with proven means of combining fully effective controls and a remarkabla degree of operational simplicity and facilitation for the great majority of honest exporters, importers and car-

By obliging borrower governments to accept and implement tha relevant disciplines and procedures, the IMF could do much to support the World Trade Organisation drive for political trade liberalisation, by linking large-scale loans to a long overdue practical effort to free individual trade consignments.

John Raven. International Express Carriers Conference, Rue Joseph II.

3-1000 Brussels, Belgium

The loss is Europe's

From Mr Mustafa Gulek. Sir. For a country which was feared by the Europeans (and indeed by the Russians and the Arabs) for the better part of 600 years, it seems tragic that Turkey is not even considered for admission in to the EU along with the likes of recently liberated ex-communist countries, some of whose human rights records leave considerably more to be desired

than Turkey's. Europe needs Turkey as a bulwark against the most volatile region in the world. The EU should have, at the very least, considered Turkey's application with perhaps certain restrictions such as the mobility of abour. At the end of the day, it is a greater loss to Europe than it will ever be

Mustafa Gulek foreign affairs editor, Olay newspaper, Ankara, Turkey

Retailers will travel

From Mr Arthur Egon Graff. Sir. The verdict on international retailing does not eem to be in yet, in spite of Richard Tomkins' judgment in his informative article Wal-Mart goes shopping to Europe" (December 20), stating that retailing travels badly. Immediately, examples of the contrary spring to mind: Ikea everywhere: Ahold in France, Czech Republic, Spain and the US; Marks and Spencer, Makro, Hennes and Mauritz, C&A. Spar, Co-op. Aldi. Burger King, W.H. Smith; and also, to some extent, companies like Manpower and Tandstad, to name but a few.

Arthur Egon Graff. Javastraat 102,

A tragedy which is of others' making

From Mr Colin Rowat. Thank you for your article on malnutrition in Unicefa annual report ("Malnutrition kills 6m children worldwide a year, says Unicef, December 17). One group of malnourished children not mentioned in your article is that in Iraq. In their case malnntrition is not a result of any natural inability to procure adequate nutrition but of the economic sanctions imposed

on their nation. As a country that has been dependent on imports for up

to 70 per cent of its nutritional requirements, the impact of the sanctions has been severe. In 1995 a member of a Food and Agriculture Organisation mission to Iraq estimated that some half a million deaths of childrep under the age of five could be attributed to the sanctions over the 1990-95 period. The team's leader American nutritionist Peter Pellett, returned to Iraq this past summer and remarked that he did not perceive the situation in hospitals to

have improved. This is reflected in Unicer's estimate that a third of Iraqi children under the age of five are chronically malnourished". It is tragic when a country

is unable to feed its children: this tragedy perhaps borders on the criminal when its inability results from the policies of others towards it.

Colin Rowat, Faculty of economics and polítics Sidgwick Avenue. Cambridge CB3 9DD, UK

Kenya's 'dinosaur' has not buckled under western pressure to modernise, say Michela Wrong and Michael Holman

Moi's last hurrah

hat was what Danlel arap Mol, Kenof the country's opposition in 1992. Five years later his warning is coming true.

Yet Mr Moi's rivals are not the only ones feeling the heat. The foreign donors who forced him to introduce multipartyism and privately also wondering where they misread the signals.

Once regarded as the vest'a role model in Africa, Kenya is now viewed as a test case for linking aid to good government. But as the country goes to the polls today it is becoming clear that Mr Moi, one of the last of a generation of postcrats, is about to have the

last laugh Polls predict that he will emerge as one of the few nembers of the continent's rapidly diminishing "dinosaur" club to survive two multiparty polis and that his ruling Kanu party will extend its 34-year hold on

power. The achievement is all the nore remarkable given realities on the ground: rampant corruption, increasing povcrumbling roads, strike-bit social services. Even as Mr Moi is making pledges, the country is experiencing its worst chol-era outbreak to a decade, a sure of the urban squafor that has set in.

In 1992, when Mr Moi had been pressurised into accepting multiparty politics by a donor-aid freeze and was looking increasingly out of political spectrum. touch, he won at least 25 per cent of the vote in five of Kenya's eight provinces, while Kann got 94 out of 210 parliameotary seats. Experts believe he is now heading for a repeat performance in five provinces, thereby meeting the conditions for avoiding a run-off, while Kanu could seize up to 120 seats. Much of the credit for this

can be laid at the opposition's door. Mr Moi warned that multipartvism would increase ethnic tensions in Kenya, and so it has proved.



Certain victory: but this will be Moi's last term as president

is enough to reveal that the political debate is regarded almost entirely in terms of tribal positioning, with ideological issues noticeable by their absence.

Opposition parties that once embraced several ethnic groups have subdivided on tribal lines, Repeated attempts to field a single opposition candidate against Mr Moi have collapsed under the weight of tribal hostilities and the enormous egos battling for supremacy. Last time, Mr Moi stood against seven candidates, this time be faces 14. His claim that only Kanu enjoys support across the country is sub-

stantially correct. Seeing this, disllusionment and bitternesa have replaced the enphoria that swept the country before 1992, when real change seemed possible. Election monitors have been alarmed by the grassroots campaign violence seen acrosa the

But responsibility for maintaining the status quo does not rest with the opposition alone. Mr Mol has proved extraordinarily skilful at maintaining ruling party dominance while conceding many of the principles of a multiparty state. A range of constitutional

reforms introduced this year, which took the wind out of a gathering campaign to disrupt the elections, was breakthrough by donor countries. But if the oncon-A glance at the newspapers trolled money-printing that 73 and facing his last term, extinction.

oiled the Kanu campaign and sent the economy into a tailspto in 1992 has been absent this time, the overall system remains heavily tilted in Kanu's favour Many of the constitutional changes are ignored on the

too late to make a difference. For example, the previously banned Safina party was registered a month ago, hardly time enough to organise a campaign. The electoral registration process omitted between 2m and 3m young new voters, likely to vote for the opposition. The constituency favours the establishment and the state media stubbornly devotes the llon'a share of coverage to Mr Mol.

Opposition appointees are still in the minority on the election commission oversee ing the polls, explaining the body's feeble response to growing complaints of votebuying, bribery and civil servant bias. And Mr Mol has exploited his access to state resources to provide the electorate with a multi-billionshilling sweetener: unbudgeted wage increases for the analyst. civil service.

are threatening not to recogincreasingly swinging from today's vote to the struggle bailed as a democratic pending within Kanu itself.

overdue. With Mr Moi now

Kenya's future than the current presidential and parliamentary elections - will in next head of state.

"As soon as the elections are over we will be thrown into a battle for succession." a senior diplomat predicts. 'Moi will have to release the hrake and deal with all these gathering tensions. The effect will be to throw Kann

into spasms. Much of Mr Moi's reign has been premised on the fact that he united minority communities who felt threatened by the Kikuyu. He is now under pressure to protect those interests against a perceived comeback attempt hy the country's largest

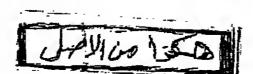
The succession battle may pltch George Saitotl, the vlce-president, against Simeon Nyachae, the Kisii minister for land reclamation, and Musalia Mndavadi, the Luhya reform-minded finance minister. Mr Saitoti brought up in Masaailand but with Kikuyu roots, is regarded with buge susplcion by the Kalenjin, Mr

Moi's own minority tribe. Kanu insiders say Mr Moi, who managed to win international approval for limited reform on tha basis that be would undertake more significant changes in the new year, plans to use the constitutional review to combat the centralisation of power brought about over the past 19 years.

One possibility would be to create a prime minister's post and introduce eight vice-presidents with responsibility for the provinces. "It would be an insurance policy, a way of diluting the president's powers and devolving authority to the small tribes," says a western

The result would be a Several opposition parties more democratic and accountable Kanu, but a sysnise results handing victory tem that still fell far short of to Mr Moi. But his return what danners originally seems assured enough for envisaged. Cynics might public attention to be argue that all the years of outside pressure for reform have merely served to trigger the modernisation of a Kanu elections are long one-party structure that once looked in danger of

can be found on our Web site at http://www.san.com.



Out with the old...

FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Monday December 29 1997

Korea's time for change

In South Korea, the bour of employment, a relatively equitaradical reform has come. And ble distribution of income and a with the hour may also have more than 17-fold increase in come the man. Kim Dae-jung, real incomes per head over the the next president, may have no past half century? Yet they can experience of government and not cling to the old model of limited knowledge of economics, but be does possess three mvaluable qualities: great cour-age, credibility with working people and independence from the now discredited ancien régime. In the short breathing space Korea may enjoy, he must agree immediate actions.

To his credit, Mr Kim has recognised that Korea's travails are also an opportunity. As he has remarked, "we have to utilise the IMF agreement as momentum to turn a misfortune into a blessing by faithfully observing it 100 per cent. This is what the next president had to say, even if he had grave doubts about the wisdom of the International Monetary Fund's medicine. But he must also do what he can to ensure that reforms are not just in the interests of the Korean people, but

acceptable to them. So great has been the incompetence of the outgoing regime and eo adverse the turn of the markets that hapless Korea has become a beggar - and beggars cannot be choosers. The IMForganised rescue package is now worth some \$60bn. Only last week, with talk of default swirling around the market, Korea received a \$10bn advance on the money it needs.

Stabilise markets

This money is no present. The principal purpose of the rescue is to stabilise global financial markets, halt financial contagion and save foreign creditors. The policies being demanded in return will accelerate the slide into bankruptcy of the overindebted Korean private sector. This will make it still easier for foreign investors to buy domestic assets at undervalued prices. Korea Inc is now going for a all-powerful outsiders.

Ordinary Koreans are entitled to feel cynical. They are no less entitled to anger when people were a basket case. How many economies have generated full

chaebol-led, centrally orches trated development, even if they wanted to. It is dead.

How then is the new govern ment to replace it? First, the Korean government should close down weak financial institutions and recapitalise the stronger ones at once. It must not allow the Korean economy to suffer indefinitely from the financial weaknesse

that have crippled Japan'e econ-

Foreign ownership

Second, it should try to complement the inevitable and desirable expansion of foreign ownership of Korean industry with measures to widen domes tic ownership as well. To prevent bankrupt family-owned big business falling wholesale toto foreign hands at firesale prices, it must encourage accelerated conversion of domestic debt into equity. Some of this should be purchased from the salvageable financial institutions, for later resale to private Koreans.

Third, it must deregulate the economy, to promote the expansion of service industry and medium and small businesses. Fourth, it must introduce

carefully designed mix of labour-market deregulation and a welfare safety net. But it must refuse to undermine negotiated labour market arrangements that give employees the security they intensely desire.

This crisis has eliminated both the possibility and tha desirability of business as usual. But it remains the obligation of any Korean government to implement reforms that both are - and are seen to be - in the interests of Koreans, while respecting the demands of now

Achieving this balance will require not less radicalism than demanded by the outside world, but still more. Mr Kim is a free write of their economy as if it man. He can think the bitherto unthinkable. Not only can he do so: be must.

Asia's impact on world stocks

together with defaults across effect. Yet this remains the worst-case scenario and one which need not happen. Indeed, signs of a solution are at last beginning to emerge where it

in see 1.2m sich

Carried State off

within reach

- X

...

matters most, to Japan. Two preconditions of Japanese economic and financial recovery are the use of public funds to support the banking system and a readiness to put fiscal policy on an expansionary tack. On the first score, the government has already performed the requisite U-turn, helped by the impact on public opinion of the recent collapses of Hokkaido Takushoku Bank and Yamaichi

Where fiscal policy is concerned the Japanese have yet to take the full measure of their problems. But prime minister Ryutaro Hashimoto bas started to unbutton his fiscal hairshirt. The recent budgetary package was a paltry affair, but in cutting income tax it marked a symbolic change of direction. The markets can be relied on to impose further shocks on the government to push it towards a more direct confrontation with the debt deflation that is throttling the economy.

Plausible outcome

For the moment panic still relgns in the markets over South Korea. Yet even here the most plausible outcome is one in which a combination of external official financing, debt rescheduling and structural reform along the lines proposed by the International Monetary Fund will ultimately stabilise the situation. Meantime IMF support implies that the bad debt experience of bankers around the world will be softened. Their lending capacity relatively unimpaired, banks will be able to finance continuing business expansion.

That leaves equity markets in the US and Europe facing a hard landing, followed by recesmixed future. If Asian deflation sion. But the risks have is not to puncture global growth increased perceptibly this year.

Will the Asian crisis mark a the US, where demand is still turning point for global equibuoyant, must act as a global ties? Certainly a combination of importer of last resort. Yet this financial meltdown in Japan, spells trouble for the US corporate sector, because the counter the region, could have that part to an increasing trade deficit will be a deterioration in corporate cashflow. In effect, US industry faces accelerating wage pressure in an exception ally tight labour market, while confronting a profits squeeze because of the increased competitiveness of companies in the devaluing Asian economies.

The earnings prospect in the US, then, has worsened. This alone may be enough to kill off the bull run. If all those who have invested in section 401K pension plans suddenly discover they have suffered a negative wealth effect, consumer demand will weaken and the economy

Fed's reluctance

Yet it should not be forgotter that the financial background remains immensely supportive for equities. The Federal Reserve is reluctant to raise interest rates while the threat of contagion from Asia remains. It knows that the disinflationary pressures from the region will help keep the lid on domestic prices. At the same time the global flight to quality is causing US and European bond yields to fall to their lowest levels in 40 years, which provides a further prop for equities.

This is the kind of background against which companies look to takeovers to boost their profitability. Credit is available to finance their ambitions. With US retail investors so far largely undeterred by the Asian setback and companies already bidding enthusiastically for each other, the scope for a very speculative last leg to the bull market is apparent.

The worry is that valuations already look stretched. So the greater the rise, the nastier the downward lurch in due course because the Fed will be obliged to put a painful end to proceedings. It is too early to predict a

The gospel according to Kim

John Burton and Peter Montagnon on the benefits and pitfalls that may arise from South Korea's new economic programme

ago, there was little sign that he even understood the nature of the country's economic problems, much less thet be would sanction a radical solution that could become a watershed for Korea.

But over Christmas, the leftwing dissident Roman Catholic was suddenly transformed into an apostle of liberalism, promising an unprecedented opening of Korea's sheltered economy as part of the latest International Monetary Fund bail-out.

There are plenty of pitfalls ahead. But if he lives up to his word, Mr Kim will end the state-directed capitalism that has been both the foundation of Korea's export-led growth and, through its doctrinaire rigidity, the source of its near collapse during the past six months. Instead Korea will finally join the mainstream global economy.

The conclusion must remain

provisional, but the result could be little short of revolutionary for Korea's inward-looking society. Despite the passing of two generations since the end of the Japa-nese colonial era, Korea has never managed to shake off the nationalism and fierce mistrust of foreigners which is the legacy of that period.

Last week Mr Kim spelt out unequivocally that Korean business and jobs could no longer be protected from the competition that flows from foreign investment. "From now on there is no need for discrimination between indigenous and foreign capital," be told union leaders. "We are living in an era where foreign investment is more important than foreign trade."

The statement marks a wholesale shift away from the obsession with exports that has been tha hallmark of the country's state-directed economy. As part of the fresh agreement with the IMF, Korea set an accelerated and detailed timetable for opening its financial markets fully to eign takeovers and allowing com-

orea Inc is up for sale. Like industrial dinosaurs, South Korea's conglomerates, or chaebol, are dying under the weight of large debts. Their survival depends on rapidly shedding excess businesses by selling them to foreign investors. Just 87 companies

financial companies - are relatively safe from collapse, accordwell-known method of predicting able to acquire a 55 per cent stake in any listed company and

SBC Warburg Dillon Reed believes that only two of the top 30 chaebol, the LG Group and the Lotte botel and retail conglomerate, are to no immediate trouble, while another two, Samsung and the SK Group (formerly Sunkyong), are relatively safe. Even such world-class groups as Hyundai and Daewoo are at some risk unless they accelerate restructuring, SBC warns.

That Korea is prepared to

mercial and investment banks to The finance ministry, which establish subsidiaries. It also agreed to impose a high interest-rate regime designed to attract foreign capital that would help it repay its \$110bn (£66.6bn) to short-term debts, while forcing its big conglomerates to restructure, sell lossmaking activities

them with unsustainable debt. The prescription was not new, but no previous president has been prepared to swallow it. If Mr Kim follows through, Korea could push far abead of Japan in modernising its economy, says Mr Richard Samuelson of SBC

and and the ruinous cross-

eubsidies that have burdaned

Warburg Dillon Read. ture of Korean government and eociety could change. As a market-oriented regime is on how strictly the restructuring introduced, the government will have to become more responsive foreign investors, permitting for- to democratic influences, and The effort must continue even

has clung grimly to the levers of power, will find its influence curbed. Already Mr Kim's aides plan to allocate control over monetary policy to a newly independent central bank, and responsibility for budget policy to the prime minister. Similarly, the large conglom-

erates are likely to find their stranglebold on the economy reduced. Some well-known names - may disappear altogether. Small businesses, whose development has long been suppressed by discriminatory allocation of bank credit, may flourish in their place. So, Warburg Dillon Read. finally, may Korea's long.
In the process, the whole strucneglected service sector.

There are plenty of risks, though. Everything depends both programme is implemented and bow persuasively it is presented.

and the public must be persuaded to take the pain. While there is little sympathy for the conglomerates, which employ only about one Korean in 45, the unions could still prove difficult to win

The hope is that concessions on reform of Korea's restrictive labour laws might be possible in return for improvements to its minimal welfare benefits. Mr Kim seems set to explore such an approach, financing it through the issue of bearer bonds designed to suck in money from the country'e extensive black economy.

Another problem is that Mr

Kim has no majority in parliement, although this could change as members of the defeated ruling party defect to the conservative ULD with which Mr Kim has formed an alliance.

Much depends also on the pain

and there is a serious risk that tight money at bome might lead to overklll. After 30 years of growing at an average 8 per cent a year, Koreans will not take too kindly to the possibility of seeing growth stop for a while. Only if the country can quickly attract foreign investment with the promise of jobs will the new pre

scription be seen to work. If and when that starts to happen, a new Korea could rise from the asbes. For all their nostalgia for President Park Chung-bee wbo as dictator in the 1960s and 1970s set Korea's export machine in motion while ruthlessly suppressing consumption at bome. there are signs that Koreans are ready for change.

Mr Park is best remembered for strong economic leadership. To the surprise of the markets, thet, in his own, very different way, is what Mr Kim is now

New year diet for the bloated chaebol

to keep out foreign involvement year. Share prices are so low exchange losses on overseas as it pursued a policy of indus cent of Korea's 653 listed non-trial self-sufficiency. But the tion of the Seoul bourse last regional demand, and predatory International Monetary Fund's \$57bn rescne has forced the ing to Credit Lyonnais Securi- country to drop restrictions on ties. It based its conclusions on foreign takeovers. From tomorthe Altman Z-score formula, a row foreign investors will be

> 100 per cent by the end of 1998. Despite its problems, Korea has many attractions for foreign investors. It is one of Asia's largest and richest consumer markets after Japan. Its proximity to China makes it a valuable manufacturing export base in north-east Asia, with good infrastructure, a well-educated and industrious workforce and improving labour productivity.

Moreover, Korean companies embrace foreign investment as a are likely to be sold at bargain way out of its predicament is an prices. The Korean currency, the extraordinary change for a won, bas fallen nearly 50 per nation that deliberately sought cent against the US dollar this high interest rates, foreign drink bottling operations from

week amounted to Won66,350bn (\$44bn), about the size of the Dutch banking group ING, the world's 70th-largest company.

Pumped up by the financial steroids of cheap state-directed bank loans for decades, the chaebol bave become flabby and bloated. Industry is in woefully bad financial shape, with debt burdens of more than four times equity. Six big groups bave already collapsed this year. Net profits of manufacturing

companies accounted for a mere 1.4 per cent of sales during the first half of 1997, according to the Korean central bank. Thirteen of the top 30 chaebol reported losses last year, while the combined earnings of this corporate elite amounted to only

debt, slowing domestic and pricing policies threatens the future of most choebol unless they sell subsidiaries to raise capital for debt-servicing.

Yet the family owners of the chaebol are still reluctant to dismantle their business empires. Campaigns have been launched by executives and workers of leading conglomerates to buy back shares to prevent foreign takeovers. The government says it will only approve friendly bids

by foreigners. Rut the credit crunch affecting most conglomerates is expected to force them to accept foreign takeovers eventually, Several troubled chaebol have begun disposing of assets. Ssangyong sold its tissue and saultary napkin unit to Procter and Gamble. Won350bn. A combination of while Coca-Cola acquired soft-

Doosan, the nation's biggest

Hanhwa is negotiating the purchase of its oil refining and petrol station business by a leading international refiner, believed to be Royal Dutch Shell, and the government has offered to sell the bankrupt Hanbo steelworks to overseas bidders.

The car industry could be next Ford has expressed interest in raising its 15 per cent stake in bankrupt Kia Motors, which was recently nationalised but may now be np for sale. General Motors might bny Mando Machinery, Korea's bankrupt leading car-parts maker.

Foreigners are also looking to buy department stores, pharmaceutical companies and domestic brokerage houses.

The increased foreign inflnence on Korea's protected economy might initially come as a shock. But a recent report by Booz-Allen & Hamilton, the US consultancy, said that Korea's future success lies in becoming "the most bospitable, and least xenophobic, location for global business in north-east Asia".

John Burton

The state's grip on France's business elite is loosening, says Andrew Jack

Crème de la crème, sans MBA

In a caustic remark widely



He - for it invariably is a he won him a place at the prestigious Ecole Polytechnique, and entry with just a few other top students into the grand corps. While on secondment to the

published a book attacking well-known people with whom he France's elite under a nom de has worked. plume, even though he was fast becoming part of the system himself. He held a succession of civil service positions, rising to head an important government depart-

"Parachuted" into a top executhy book on a technical subject for the inspecteurs des finances. help from a young graduate.

power, be finally became groups as diverse as Credit chairman of another industrial Lyonnals, Elf Aquitaine France ENA' group with little connection to and Thomson heve drawn attenthe first, which was by now tion to the similar backmired in allegations of financial ground of their top managers.

He has been linked to one political movement or another over the years, less for ideological reasons than by a tribal loyalty and a recognition of how best to play the system. He steered his group bad a modest background. A to privetisation, and has become teacher's pet, his intelligence a convert to the new management mantras: core business focus and shareholder value.

on other activities, and prefers to discuss current affairs, cite Rimprivate office of a minister, he baud and drop names of It is easy to caricature the

members of France's business elite, mainly because so many of them fit so easily and accurately into the stereotype. A casual flick through the company chairmen listed in the French Who's Who tive job in a state-owned indus- reveals the same pattern: trained trial group, be was evicted when at the Ecole Nationale d'Adminisgeneral elections brought tration (ENA) or Ecole Polytechanother party to power. He found nique (and sometimes both), folshelter running an obscure paras- lowed by stints in government tatal research institute, where be and then in industry for the engiwrote a second, rather more worneers, or banking or insurance has the IRA, with generous but uncredited Such individuals are coming under increasing attack. The With his political allies back in losses and scandals surrounding

to the French press, Alain Madelin, head of the rightwing Démocratie Libérale party, said: Italy the Mafia, and France which gives those who have not cal masters. Yet he spends much of his time

amassed the appropriate educational qualifications the feeling that they are forever blocked from reaching the very top levels of companies and the civil ser-Yet most graduates of ENA

remain in the public sector. The Alain Madelin,

head of the Démocratie Libérale party, has said: 'Ireland Spain Eta, Italy the mafia, and

beyond their early training and intellectual abilities. In the nationalised industrial groups, as "Ireland has the IRA, Spain Eta, sometimes overly compliant representatives of the government of the day, they have become easy The reality is more complex. It scapegoats for disastrous decisions clear there can be favouritism, sions often taken by their politi-

rise of a handful to top corporate

In a country in which intelligence, culture and contacts are highly valued, and one in which the state continues to play a very important role in business, the elite must move easily between the public and private sector.

Bernard Ramanantsoa, head of HEC, the top French business school, says it is only since the late 1960s that institutions such as his began to capture some of the prestige previously monopolised by ENA and the Ecole Polytechnique. However, be concedes that the old system still dominates at the senior level of business and government. "It produces people who are undeniably strong intellectually, and wbo have been exposed to important responsibilities early on," be

But be points ont that HEC is coming into its own. Daniel Bern-Carrefour, is a graduate. So is Didier Pineau-Valencienne, head of the engineering group Schnei- have an effect.

reported with considerable relish roles owes much to factors the contract catering group Sodexho. Not to mention Dominique Strauss-Kahn, the economics. finance and industry minister. Bernard Arnault, chairman of

the luxury-goods group LVMH and Claude Bébéar, head of the insurance giant Axa, both graduated from the Ecole Polytechni que. But they passed directly into the private sector without any civil service experience. Others - such as François Pin-

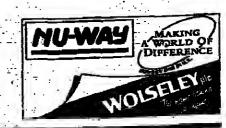
ault, who controls the Pinault Printemps Redoute retail giant, and Lindsay Owen-Jones, head of the cosmetics group L'Oreal come from backgrounds owing nothing to the traditional French

And Philippe Bourguignon, the former chairman of Euro Disney wbo now runs Club Mediterranée, prefers his managers to have an MBA from Harvard business school and work experience at McKinsey, not the French

France's old-fashioned statetrained elites still retain a tight grip on corporate power - even in groups that have been privatised. But the business sector is beginning to change, as the French administration loses conard, chairman of the retailer trol, institutional sharebolders gain power, and growing international expansion and competition

FINANCIAL TIMES

Monday December 29 1997



Brazilian claims \$1/2m loss in forex scheme

By Clay Harris and James Regan in London

A Brazilian businessman claims to have lost nearly \$500,000 be sent to a Copenbagen-based company that said it was speculating on his behalf in foreign exchange

The company, trading formerly as Ferrini Associates and now as Market Forces, is not authorised to conduct investment business by Denmark or any other European Union country.

It began offering currency trades in November 1996. But as late as March it was getting prices from BBC teletext pages rather than specialist financial services, a former employee said. "It was like Carry On Currency Trading," he said.

in recent years, investors have jost millions of dollars in high-risk currency schemes promoted by direct mail and cold calls. As countries have brought in tougher regulations, currency scheme pro-

moters have kept one step ahead by moving to new jurisdictions where rules are more lax or non-existent.

After the UK cracked down on currency schemes in 1995-96, Copenhagen took over as the forex capital until pubiicity last year prompted anthorities to close operations such as Nordex and Scandex Capital Management.

Denmark also implemented the EU Investment Services Directive that brings much currency trading - although not spot transactions - into the regulatory net. Finanstilsy net, the Danish financial regulator, said Market Forces was not anthorised and had not applied for authorisation.

Market Forces was registered as a general partnership in Denmark in April, but its literature says it is owned by Nassau-registered ICM. UK regulators have confirmed that two of Market Forces' three partners - Anthony John Hinkley and Paul Rich, both IIK nationals - are involved

with ICM. The third, Mikael Mortensen, is a Dane.

The Brazilian businessman's initial \$100,000 investment was made in December 1996 with Ferrini Associates, operating from Copenhagen, Although no such company is registered in Denmark, records show that it had five telephone lines in Copenhagen at the beginning of 1997 and now has none.

By March, a statement said the Brazilian's \$100,000 had grown to about \$107,000, and he sent another \$380,000 to a Luxembourg bank account. At about the same time, his trading account was shifted from Ferrini to Market Forces. In June, he sent written notice to close his account and have

the funds, shown on a statement as \$410,000, remitted to him. The company told him he would be paid at the end of July, but no funds have been received. He has since instructed lawvers to pursue the matter. Market Forces has not responded to inquiries

Mexican mayor accused of links with Chiapas gunmen

By Henry Tricks in Mexico City tion politicians of ignoring, or

Mexican authorities have the number of violent antiarrested the mayor of the town Zapatista groups such as the in Chispas state where 45 Indian peasants were killed iast week, accusing him of arming uniformed paramilitary gunmen who carried out

Jacinto Arias Cruz, the mayor of Chenalho where the attack occurred, belongs to the ruling Institutional Revolutionary party (PRI). His cspture could shed fresh light on links between the party and paramilitary groups that have proliferated in Chiapas since the Zapatista Indian rebellion began four years ago.

Ernesto Zedillo, Mexico's president, who is suffering one of the worst political crises in his three years of rule, is fac-ing calls to dismiss Julio César Ruiz Ferro, the PRI governor of Chiapas, and Emilio Chuayffet, the interior minister.

They are accused by opposi-

even fostering, the increase in one that carried out the killings last Monday.

Both men deny responsibility and say they have no plans to step down. But the attack has once again exposed their failure to end the Zapatista rebellion. Condemnation at home and abroad has dealt a blow to Mr Zedillo, who had managed to keep the Zapatista struggle out of the headlines.

In addition to Mr Arias Cruz, 39 men were formally charged with taking part in the bloodsbed, and anthorities say many are affiliated to the PRL Most of those murdered fellow Tzotzil Indians - were women and children. Some were attacked as they prayed in a small chapel. Others were followed to caves by the river where they sought to hide. The uniforms and weapons,

have raised suspicions the group might have powerful backers. Apparently confident be would not be hunted down, Mr Arlas Cruz, described the killing to his notebook.

Jorge Madrazo, the attorney general, angered human rights groups when he said Chenalho was the site of numerous "inter-community" conflicts and family feuds - including fights between Roman Catholics and Protestants - since

"This was not a confrontation," Sub-commander Marcos, the masked Zapatista rebel leader, replied in a communiqué published in newspapers yesterday. "It was simply and straightforwardly an execu-

The masked Zapatistas have mostly avoided armed conflict since they rose up in January 1994. The Chenalho killings were the worst bout of violence since the first days of the

Hong Kong to slaughter chicken population

Continued from Page 1

of bird flu, has also suffered. Visitors from two of Hong Kong's biggest markets, Taiwan and Japan, bave expressed concern and, in some cases, postponed trips.

The government has boosted measures to contain the disease. This month it ordered wholesale cleansing and sterilfrom the mainland, which sup-

Europe today

north and rain in the south but should have some sunshine later. The Low Countries, Germany. Austria and Switzerland will be cloudy with showers. Western France will see rain but most other parts of the country will be dry. All parts of the Mediterranean are at

frequent in the west and in the

will be very cold with snow likely across most of the region.

Atlantic weather fronts will sweet

conditions to all parts. The west will have spells of rain with some

snow in the north and east. The

few thunderstorms are possible.

with some of the showers

Five-day forecast

including AK-47 assault rifles,

to Hong Kong Stepben Ip, secretary for economic services, said the slaughter would cover chicken and mixed poultry farms, wholesale markets, stalls and fresh provision shops.

The carcasses will be buried in landfills and their erstwhile owners will receive compensa tion from government coffers. But it is unclear if even these measures, the boldest so far, will make a difference.

plies some 80,000 chicken a day Evidence suggests human ficient, and that it is chiefly passed to humans via bird

> not ruled out the possibility of buman transmission. Indeed a health worker who treated the first victim carries the virus. But for those with long memories, even the possibility is frightening - "Hong Kong flu" in 1968 killed an estimated 46,500 people worldwide.

FT WEATHER GUIDE

faeces and saliva. Even so, the government has

Coalition partners threaten Netanyahu over budget

By Judy Dempsey in Jerusalom

Benjamin Netanyahn, tho Israeli prime minister, yesterday came under fresh pre from his nationalist and religious coalition partners to increase spending or face defeat in Thursday's parliamentary vote on next year's

Any substantial opposition to the budget would weaken an already vulnerable government whose power is dependent on a diverse mix of pragmatic, nationalist, populist and religious parties.

Government officials said these parties, which hold the balance of power, were using leverage to extract concessions from Mr Netanyahu even if it meant forcing Yaakov Neeman, finance minister, to give ground on the 1998

an, unlike previous finance ministers, is politi-cally unaffiliated. This status should give him more room to manoenvre in bis effort to reduce the budget deficit from this year's 2.8 per cent of gross domestic product to 2.4 per cent next year.

He totends to cut expenditure by Shk2.3bn (\$650m), keeping a tight rein on fiscal policy which would allow the Bank of Israel, the country's central bank, to lower its discount rate, currently 13.4 per

cent, next month. But the National Religious party, which has nine seats in the 66-member government, yesterday demanded an extra Shk225m for education and Shk50m for bypass roads in the West Bank and Gaza Strip.

Gesher (led by David Levy, foreign minister), Shas (led by Shlomo Benizri) and Yisrael Ba'aliya (the Russian immigrant party led by Natan Sharansky) have also threatened to abstain or vote against the budget if spending on bousing, social services and health is reduced.

Given such pressure, the prospects of Mr Neeman keeping his budget proposals intact are deteriorating. "If he wants to stick to his budget deficit goal and if he wants the government to survive, be needs the full support of Netanyahn," s government official said. "Otherwise be will be forced to raise taxes."

Mr Neeman is also un pressure from Mr Netanyaho to make concessions, ever though the prime minister supports a tight fiscal and monetary policy. Mr Netan-yahn needs broad coalition support for any second Israeli troop pullback from the West Bank, which is why, according to government officials, be would be prepared to "bny off" his coalition partners in the budget negotiations.

risk of showers. These will be most east, where they will be heavy and prolonged at times. Eastern Europe across Europe bringing changeable Mediterranean will remain showery becoming heavy and prolonged. A More and more experienced travellers make us their first choice. Lufthansa

THE LEX COLUMN Asian angst

The long shadow of Asia's financial crisis dominates the investment outlook for 1998, just as it has dominated the closing months of 1997. Early optimism that a small disinfiationary injection into the world. financial system would bolster asset prices has given way to fears of a more damaging deflation.

So far, the outlook is not too threatening. The International Monstary Fund may have cut its growth forecasts sharply, but it still has the world economy growing at 3.5 per cent next year and leading industrial economies at 28 per cent. The risks to these forecasts, however, are on the downside. Though South Korea no longer tooks likely to default on its debts, it will be lucky to grow at all next year. Japan's even larger economy is also sick.

One thing is for sure; with domes tic demand depressed. Asia's economies will be taking advantage of their hugely devalued currencies to export for all they are worth. This will keep a check on prices in countries importing these goods.

With a quarter of its imports sourced in Asia, the US will certainly be one of them. This should be enough to fuel a further rally in bonds, even after this year's plunge in the yield on the benchmark 30year bond from more than 7 per cent to 5.9 per cent. Rising bond prices will, to turn, provide some support to global equity valuations. But with equities vulnerable to earnings disappointments, bonds look a better bet. And given the risks investors face, a higher-thannormal cash weighting is justified.

Mr Alan Greenspan faces a ticklish dilemma in setting US monetary policy. If be were only considdomestic factors. unemployment at 4.6 per cent would suggest incipient wage pres-sures, inflation and higher interest rates. But given that higher US rates could cause another ngly twist to the Asian crisis, his options are constrained.

Moreover, he has only one policy instrument – interest rates – but two potentially conflicting aims. Fortunately, his dilemma is mitigated: the two objectives overlap because Asian disinflation will offset domestic inflationary pressures. The risk is that if US inflation appears before Asian disinflation bites, Mr Greenspan will appear

Total return indices % growth in 1997 (\$ terms)

destabilising as raising rates to the

first place. Much more likely, though, than nd yields returning to 7 per cent is that the Asian effect, coupled with a general flight to quality, will help drive yields down to 5.5 per

cent, possibly further.

Europe faces less of an inflation threat, but offers worse value – it is difficult to justify yields 50 basis points below those in the US. This is especially so considering the risks surrounding German elections in October and potential hiccups in the run-up to the start of European economic and monetary union in January 1999. Even if this is calmly navigated, it will be hard to have complete confidence in the new European central bank until it has bedded down.

By contrast, the recently empowered Bank of England is winning its spurs: yields on benchmark gilts are around 80 basis points lower than when the new government took power. And a 100 basis point spread over German bunds looks hard to justify. With interest rates close to or at their peak and public borrowing falling, this spread should narrow. Meanwhile, Japanese bonds, with

10-year yields down st 1.8 per cent, are hardly appealing. And there is the risk that loyal domestic buyers who have boosted prices may be lured offshore by the prospect of

Equities

Equities start with the handicap of frothy valuations. The jitters witsed at the end of October were quickly extinguished by the benign gloss put on the fall-out from Asia. Thus the US market, for example, is tardy in performing his core duty. still valued on 20 times next year's This, potentially, would be just as S&P 500 earnings. More generally,

valuations in most leading equity markets suggest investors harbour unrealistic expectations of earnings

Against this backdrop there seems little prospect of the US marset continuing its winning streak the past three years have seen the S&P 500 rise by 34 per cent, 20 per cent and 29 per cent respectively. The outlook for Europe's markets is a touch more inspiring. Although most came off the boil in the second half, the FT/S&P Europe ex-UK still rose by 36 per cent. Long term, corporate restructuring and the possibility of s large redeployment of pension fund assets toto equities represents a strong bull case. Short term, though, prices are vulnerable to setbacks in the US, and from bond markets where yields are at

historically low levels. UK equities also look a reason able bet. Interest rates may provide some support and valuations are not as stretched as elsewhere, though a slowing economy will harm the earnings outlook.

Asia

growth.

Could Asia be the bargain of 1998? Certainly, the slump in currency and stock markets means there is huge scope for a rebound. The mul-tiplier effect of rising currencies and equities could produce exceptional returns. Indeed, Friday's surge in the won and Korean shares gave international investors a return of about 30 per cent in a single day.

Of course, a rapid recovery is not the only possible scenario. While Mexico bounced in 1996 following 1995's Tequila crisis, Japan is still bumping along at the bottom nearly a decade after its bubble burst. But so far, the Mexican example looks more apposite. Korea and the Asian tigers have been forced to take radi cal measures to reform their financial systems in a way Japan never has. As Japan finally gets round to taking the necessary medicine, it could be in for a rebound as well. Investing in Asia is undoubtedly

s high-risk strategy. Governments may yet lack the will to implement painful policy changes; and, if they do implement them, there will be a rash of bankruptcies. Nevertheless, investors adopting a wait and see strategy could miss much of the upside, so fast are events moving. A small punt now followed by a bigger bet when and if stabilisation programmes bear fruit would be a sensible way to play the game.



English classics at The Aquascutum Sale.

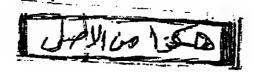


"If you say you spotted them first, then I'm sure you did."

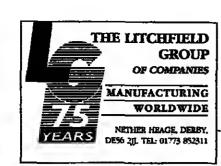
Starts Thursday 18th December up to 50% off prices.



100 REGENT STREET, LONDON W1A ZAQ. 9-13 BROMPTON ROAD, KNIGHTSBRIDGE, LONDON SW3 1EQ. 24 ST ANN'S SOUARE, MANCHESTER M2 7/8, 38 PARK LANE, MEADOWHALL CENTRE, SHEFFIELD S9 1EL.







FINANCIAL TIMES

COMPANIES & MARKETS International Asset Consultants

Monday December 29 1997

International 0171 405 8411

former

Mercury

chief back

to telecoms

Duncan Lewis, former chlef

executive of Mercury Communications of the UK, is return-

By Clay Harris in London

STH lures

Homestake bid lifts gold miners

Gold mining shares have risen sharply in the past few days following the agreed \$640m takeover bid by Homestake of the US for Plutonic, an Australian gold producer. Investors are anticipating further consolidation in the sector as companies battle to survive with the gold price near an 18-year low. Page 13

Milan airport awaits international hub The departure boards are up inside the L1 060hm (\$609m) terminal building that is to transform Milan's Malpensa airport into an international hnb. But they remain blank. The facility, which was to have opened this month, will not be ready until mid-1998. Page 13

EMERGING MARKETS Caution reigns after Asian crisis It is not aurprising that investors should end the year cautious about emerging markets. What seemed like a containable problem in July, when Thailand devalued its currency, has caused the biggest crisis of confidence since the

Mexican peso shock in 1994. Page 16 GLOBAL INVESTOR

Same and the second

Stephen West 1984

William of the same

THE SER MANUFACTURE .

at complete by but . . .

THE PERSON NAMED IN

MARKET TO THE REAL PROPERTY.

The second

personal per service :

Francis The Atlanta

The primacy of risk management Financial instruments have become more complex over the past 25 years, while banks have become more dependent on trading income as profit margins on lending have been eroded. These trends have beightened the importance of risk management in financial groups. Page 14

INTERNATIONAL BONDS

Recovery seen in the new year Although the dust has yet to settle on the hank-ing crisis in Asia, it is possible to see the outlines of a recovery in the international bond markets. Syndicate officials identify several trends in favour of a lively issuance market in 1998, although most warn that the first few weeks are likely to be quiet. Page 16 COMMODITIES

Market seeks end to Iraq nucertainty There can be few oil traders who face 1998 with much enthusiasm, given that the big question at the end of 1997 - whether Iraq will resume exports - remains unanswered. Page 15

CURRENCIES

Won keeps traders on their toes This is usually the week currency traders spend sleeping off Christmas and playing with their new Porsches. But this year the volatile South Korean won could spoil the fun. Page 1S

MARKETS THIS WEEK New York

A clue as to bow much the Asian crisis has hit US exporters should emerge on Friday with the report on export orders from the National Association of Purchasing Management. Page 15

The last few trading days of what has been a decent year for the UK stock market are expected to pass quietly. Page 15

Germany will start the new year with strong export growth but worrying signs of weakness in the domestic economy. Page 1S

Hong Kong Shares are likely to continue drifting lower as concerns over the Hong Kong currency persist. Goldman Sachs foresees "minimal upside" for the market in the first half of 1998. Page 15

FT GUIDE TO THE WEEK - full listings Page 26

Iranian president Mohammad Khatami makes his first foreign visit as head of state to Turkmenistan today to open a pipeline bringing natural gas from the former Soviet

republic to Iran. Tha

Turkmen gas from the Korpedzhe field to Kurt-Kui in Iran's populous north. CHESS KNOCKOUT CHAMPIONSHIP The first world chess championship knockout reaches its climax at the International Olympic Committee HQ in Lausanne on Thursday. MORE PUNCH FOR RUSSIA'S ROUBLE Also on Thursday, the Russian Central Bank will redenominate the rouble, cutting three zeroes off the value of each note. The aim is to help restore faith in the currency, which stands at 5,975 to the dollar. FT Guide, Page 6

line, financed and built by Tehran, will bring

Companies in this issue

ATAT 11 KLM 13 Market Forces 12 Mercury Commissions Allied London 12 Micro Focus Ashtenne 12 Oneximbank Barworth 12 Peart Oriental Hings 12 Philippine Airlines Benetton 13 Plutonic Çoca-Cola 11 Racal 11 Reed Else 12 Rosneft Crown Casino 13 STH 13 Samsung DMGTI 12 Sanwa Bank 11. Scottish Life Eastman Kodal 11 Self Sealing Systems 11 Sibneft

Market Statistics http://www.FT.com

11 Sleepy Kids

12 Spring Ram

11 Watts Blake B

12 Wei-Chuan Foods

FT/S&P-A World Indices FT Guide to currencies

Granada Group

Greycoat

Homestake

IPC Magazines

innovative Tech

17 London recent issues 6 London share service Managad funds service 14 Money markets

Publishers to charge web users

OTHE FINANCIAL TEMES LIMITED 1997

Move to convert readers to subscribers An increasing number of

publishers and information providers are planning to charge for access to at least some of the information they make available on the inter-

newspaper publishers, signals an important change in online business strategies as content owners seek to convert readers into paying subscribers. Until now most information

The move, led mainly by

world wide weh pages has peen free although some sites, including the Financial Times' website. FT.com, ask their visi-

rate earnings, it was

General Electric and Coca-

about these two beacons of the

1990 bull market, after all, has

been remarkabla consistency

of their profit records. With

almost boring regularity, each

has turned in quarter after

emblematic of corporate Amer-

different - even if Asia is fall-

General Electric, celebrated in

his usual fashion: another

\$4hn set aside to repurchase

ica's profits boom.

ing apart.

the future.

market share.

sccess. But in the past few to do this," said Roger Weed, weeks a number of US infor-Slate's publisher. "We need mation providers have that revenue stream to have a announced plans to charge. This month Business Week, which had always planned to be US-based business maga-convert into a paid subscripthe US-based business mage-

zine, said it would charge subscription fees for its internet content. The New York Times began a pilot scheme asking that economics is one of the ries 10 days ago and State, available on the internet or via Microsoft's online political magazine, recently announced plans to start charging subscription fees for the first time early next year.

viable business model." Slate, tion service, boasts a reader-

ship of around 140,000. Mr Weed's comments show users to pay for archived sto- factors driving publishers towards charging for their weh cootent. Some publishers have a policy of charging for access to their sites hut many other sites were set up on an experimental basis or as teasers for We feel it is the right time paper-based publications.

While baving 3 websile has become almost essential for publishers, most continue to lose money despite online advertising.
Other publishers, particu-

larly newspapers, fear providing unlimited free access to archive material will undermine their existing fee-based online information services. Times, other US newspaper nublishers which charge for archived material include the Los Angles Times and the San Jose Mercury.

including the New York Times, stress that they bave no plans to charge for daily content. Earlier attempts by several US publishing groups to charge for current internet content were abandoned when the number of website visitors plummeted. But the Wall Street Journal and The Economist have successfully introduced subscription charges.

The New York Times said it had decided to begin offering paid access to archives in response to consumer demand. "It is one of the most requested features from our consumer audience," Eileen operations for the paper's elec-

targets for long-term bond

yields, with 5 per cent widely

That should be music to the

stock market's ears. According

ley Dean Witter, a 5 per cent

bond yield and only a small

earnings advance this year

would suggest a level of more

than 1,100 for the S&P 500. The

double-digit earnings gains

that have characterised the

1990s bull market may end this

year, but that does not mean

that the party on Wall Street is

seen as possible this year.

However most newspapers.

ing and the stock market

remaining generally firm, big

share huy-backs and mergers

and acquisitions are likely to

Even as earnings growth

eases, however, there is a sil-

ver lining for the stock mar-

ket. Low inflation and interest

rates have provided the plat-

form for the profit boom. With

remain the order of the day.

ing to telecoms after an unhappy interlude at Granada Group and a year-long career break. Mr Lewis, 46, is due to start next week as one of two execu tive vice-presidents at SITA Telecommunication Holdings (STH), an international telecoms business owned by more than 200 airlines and Morgan

Stanley Capital Partners. His decision to join STH takes him out of the running for another top job in the sector - chief executive of Racal's telecommunications subsidlary, which the UK electronics group plans to float.

STH is the Dutch-hased holding group for Equant, vices for its airline owners and other companies, and ITS, which sells software and applications. Third parties account for more than 90 per cent of revenues, which exceeded \$300m in the year to June 30.

STR's owners are aiming to float it in 1998 or 1999. Mr Lewis will be responsible for development, strategy and all other business areas apart from finance. One priority will be to improve the way Equant and ITS work together.

Equant, based in Atlanta, US, competes with alliances such as Concert, WorldPartners/Unisource and Global One, all of which face some nncertainty over development or ownership.
The Société Internationale

Telécommunications Aeronantique, a co-operative created in 1949 to provide telecoms services for its airline members, owns 60 per cent of STH. Morgan Stanley Capital Partners has a 30 per cent stake, bought two years ago, while staff hold 10 per cent through scheme. In October, Mr Lewis pro-

agement buy-in offer for Racal Telecom backed by Schroder Ventures, which was rejected. Mr Lewis left Granada last December after only eight months as bead of the media division after a falling ont with Charles Allen, chief exec-

posed a £450m (\$742m) man-

There is a silver lining for 1998 in spite of easing earnings growth Wall Street The US profits boom: can it continues revellers may still party on fter the sudden flurry seem to be largely in place of unease about corpo- even if a slowdown is in the works for 1998. The extent of that slowdown has weighed heavily on the minds of stock market inves-The most notable thing tors. A month and a half ago, companies in the Standard & Poor's 500 index were expected to notch up collective earnings gains of more than 11 per cent for the final months of 1997. That estimate now stands at quarter of double-digit earn- 8.3 per cent, according to IBES.

ings gains that have become which monitors analysts' forecasts. And while such reductions - and profit warnings -The year-end messages from are common in the final weeks both companies have been no of a quarter, they have been

labour shortage

s Wall Street turns its attention on the pros-L pects for this year, the shares, a further 15 per cent revisionism is likely to take increase in the dividend and a hold more broadly. Many anadeclaration of confidence in lysis have yet to cut their estimates for earnings growth in Over at Coke, new chairman 1998. Collectively, they expect corporate America to record a

more pronounced this time

Douglas Ivester showed he was ready to follow in Roberto Goi-14 per cent growth in earnings zueta's footsteps with a typi-That target is unlikely to cally bullish projection of sales growth - and a declaration survive long. A rising dollar eating into the foreign cur-rency earnings of US multinathat Asia's collapse would give Coke the chance to expand its tionals, the Asian crisis hitting Other stalwarts of the Dow export orders, stronger deflationary headwinds reducing domestic economic growth by

Jones Industrial Average such as JP Morgan and 3M may have disappointed Wall Street from 0.5-1 per cent this year. with profits warnings recently. all points to the most marked But despite a rash of cautious deceleration in corporate earnannouncements, the underlyings since the recovery began in 1992. But it does not signal ing forces that have characterimmediate doom. ised the US earnings boom still

Jack Welch, chairman of - director of research at IBES.

than normal, says Chuck Hill, The biggest challenges fac- comes to an end, the powerful ing American companies are financial condition of corpolargely familiar ones: an rate America should still leave inability to raise prices at plenty of room to lift earnings home and an intensifying per share. With cashflow surg-

> Many housebold names in the US are already preparing their response. Companies such as AT&T and Eastman Kodak are planning a fresh attack on their overheads.

Both General Motors and General Electric have just announced hillions of dollars in restructuring charges to fund further overhauls of their global operations. Whether companies can con-

tinue to raise their profit margins against this sort of deflationary tide is another question Even if margin growth

HK office deal falls through

An arm of Xinhua, China's

state news agency and traditional political base in Hong Kong, bas failed to pay HK\$1.12bn (\$150m) to complete tha purchase of its naw offices in the former colony, the vendor said yesterday. Pearl Oriental Holdings, an

ambitious Hong Kong property company, said yesterday It planned to sue Xin Hna Estate Limited after it missed the balance payment for the office block which already bears the name "News Build-

The deal is the latest in a rush of high profile Hong Kong/China commercial alliances to come unstuck, and analysts say it may indicate a broader lack of confidence in Yesterday, the company said ing to increase rental in the territory's property sector. Profits would fall this year or look for other buyers.

By Louise Lucas in Hong Kong Property prices in Hong Kong because the Xin Hua deal had ara already under pressure from rising interest rates.

The wave of devaluations of Asian currencies encouraged speculators to launch assaults on the Hong Kong dollar, which is pegged to the US dol-

The attacks were fended off, but at the cost of rising interbank interest rates - the rate at which banks borrow from each other - and falling asset prices. Mortgage rates bave also risen

Pearl Oriental itself has already suffered. Would-be buyers of its ultra-expensive "Skyhigh" homes on Victoria Peak, the territory's most expensive residential area, defaulted on their second deposits last month.

fallen through. It added the hnyer still intended to continue fund raising and hoped to complete the purchase shortly.

But Edwin Ynen, Pearl exec utive director, said Xin Hus Estate would forfeit lts HK\$172m halance deposit, which would be retained by his company as working capi-

If the deal is not completed, it is not just Pearl Oriental's profits that will be htt. Pearl Oriental's share price rallied in June when the group revealed the identity of its client and said it was discussing further co-operation with Xinbuz to help it diversify.

Pearl Oriental will seek tenants for II floors of the building to increase rental income,

Sibneft prevents refinery seizure

By Chrystia Freeland in Moscow and Norma Cohen in London

Sibneft, Russia'a fourth largest oil company, said it had paid an outstanding tax bill to the zure of its largest refining sub-

by Russian rivals.

The moves could put Sibneft coming contest for Rosneft, the largest Russian nil company bond. still to be privatised, in which it is interested in buying a stake. Sibneft has expressed

have been too weak to compete clal said. On Christmas Day, without this week's victories. Sibneft executives said that on Christmas Day the com-

pany had paid a Rbs 513bn (\$88m) tax bill owed by the giant. Omsk refinery. The payment government on Christmas Day, will save Omsk, regarded as averting the threatened sei- one of Russia's best refineries and one of Sibneft's most valusidiary at Omsk. The company able assets, from being reposalso fended off a legal attack sessed by the state.

Sibneft became the first Russian company to tap the interin a stronger position in the national debt markets in at weakening the company in August, issuing a \$150m Euro-

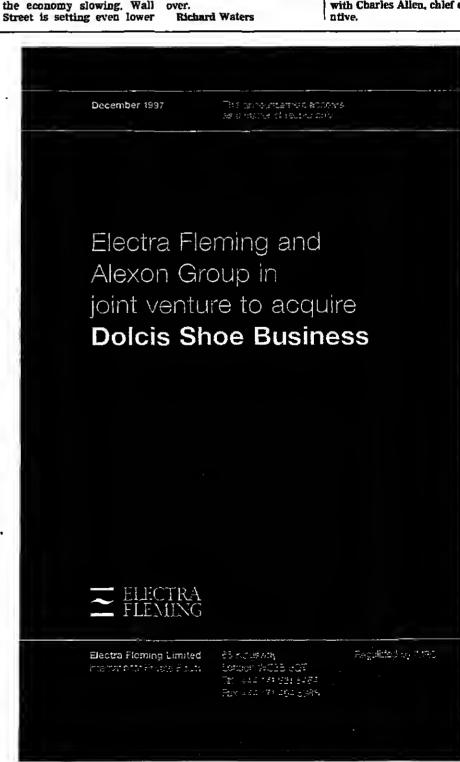
The seizure of the Omsk facility would have had a negainterest in the sale, but may credit ratings, a company offi neft said in a statement.

Sibneft also won a legal victory fending off a challenge by Oneximbank, the owner of Sidanco, another Russian oil

Oneximbank had contested the May privatisation of a S1 per cent stake in Sibneft, but its claims were rejected by a Moscow court.

Sibneft claimed the legal action by Oneximbank had been a "spoiling tactic" atmed the contest for Rosneft.

"Sibneft bas successfully quashed an attempt by its competitors to use the courts tive impact on the company's for their political gains," Sib-



Relative performances in 1997 against the

Greater pressure on a buoyant sector

After finishing on a roll, UK water companies face a harder year in 1998. Virginia Marsh reports

Pritain's water companies while preserving the financial incentive for companies pundits during 1997. to cut costs in the first Despite a looming regulatory review and footing much of hill, they finished the year on a roll.

The sector has onlperformed the FTSE All-Share index by some 15 per cent and the rises in share prices come on top of double digit companies.

The outperformance is strengthening of the pound. This led investors to shift funds into water companies seen along with other utilities as safe havens with relalively protected domestic earnings - and away from manufacturers and export-

good times in 1998. The year is set to be dominated by preparations - and postur-- for what promises to be a tough regulatory review

This year waler companies as a gronp were popular," says one analyst. "in 1998, it will be much more a case of picking the winners and losers in light of whatever starts to emerge from the regulatory review.

Among other things, lan Byatt, the industry regulator, is expected to impose real price cuts and lo limil dividends and returns on spans 2000-05. His proposals are designed to enable customers to benefit from comproductivity improvements more rapidly

cial incentive for companies

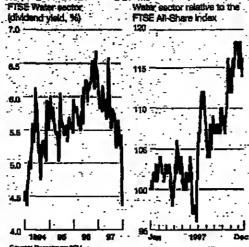
Mr Byatt is widaly Labour'e £5bn windfall tax regarded as having let off companies lightly in 1992, when he set price caps for 1994-99. His new political masters in the Labour party expect to eee his leniency

The sector has already had dividend growth al many a foretasle of the new regime. It was hil for a large chunk of the windfall tax on partly explained by the utilities and then bad to agree to several new meaaures, notably on leaks, following the new government's water summit with the industry in the summer. Reducing water leaks has

become something of a governmenl mantra even though some companies say they have almost reduced leakage to the level where further efforts hecome

As part of the agreement undertook to provide free leakage and detection repair services for customers' supply pipes. Leakage from these pipes makes up a quar-ter of the total lost - about Ibn litres a day.

For the first time, companies have also been given compulsory annual leakage targets. On the face of it, the targets are unlikely to have a significant impact on profits as many coincide with set. But the setting of targets - with penalties for failure augurs an increasingly interventionist approach by the regulator in tha run up to Watching the water flow



cle in indging inset applica-

stake in Enviro-Logic, a coneultancy rooted in a new, competitive approach to

4

the market will increasingly rate those companies whose non-regulated activities have attractive growth prospects. This was underlined during the year hy the government's decision to block the takeover of Mid Kent by two French-owned companies - a move seen as ruling out, for the time being al least, mergers or takeovers of the larger water and sewerage companies, some of which had seen such consolidation as a means of growing and

geographical areas they serve - have varied the most in their approaches since the sector's privatisation in 1939.

Larger companies such as Thames and United Utilities, which encompasses North West Water, opted to expand overseas, with generally dismal results. United - which like Hyder and Scottish-Power has also gone down the multi-utility route - this month topped off a year already overshadowed by bitter boardroom struggles by deciding to halt work on a long troubled £150m sewerage contract in Bangkok. Other companies have cho-

sen to expand into waste and other environmental services. South West Water, for example. this month leapfrogged rivals in the growing landfill waste disposal sector hy agreeing to buy a large independent regional operator. The move is part of its plan to expand sales at its environmental instrumentation businesses to equal hroadly those of the water and sewerage operations by 2000

But again, expansion in waste has proved difficult for the UK water sector partly because of competition from powerful international groups like France's Générala des Eaux.

Such challenges mean that in 1998 companies will have to balance managing appropriate, but time-consuming and potentially risky diversi fication, against the equally important task of getting their core regulated water

NEWS DIGEST

Firth Rixson makes purchases

Firth Rixson, the Sheffield-based specialist engineer which trebled profits last year, has confirmed that it is buying two businesses from Barworth Holdings for £12m

The purchase of Barworth Flockton and Moss & Gamble Brothers from their private owner includes the assump tion of £10m of inter-company and bank debt. Firth Rivson is funding the deal from its own resources G&J Hall, a manufacturer of engineers' cutting tools

owned by Barworth Holdings, is not included. Barworth Flockton reported pre-tax profits of £1m in the year to September on sales of £13.5m; it had net assets of £11.2m. Moss & Gamble had sales of £1.8m and profits of £200,000; its net assets were £700,000. Andrew Edgecliffe-Johnson

LSE IT index from January

An index for information technology companies traded on the London Stock Exchange is to be launched on January 2. The original timescale had been by the end of 1998. The date has been brought forward following the enthusiastic response to proposals for an IT sub-sector earlier this month. It will be the first time a sub-sector has been eiven its own index.

Innovative Technologies stake Shares in Innovative Technologies, the healthcare group which makes high technology wound dressings, gained 15p to 169%p on Christmas Eve after Credit Suisse First Boston Equities revealed it had a beneficial interest in 2.42m shares, representing 6.55 per cent of the issued

share capital. . Despite the gain, the shares are still languishing well below the 310p price of the group's £13m placing and open offer in July. The share price fell sharply in September after the group reported that pre-tax losses for the six months to June 30 widened from £1.7m to £2.6m, on disappointing sales up from £715,000 to £967,000.

The following month, Keith Gilding, founder and for

mer chief executive, and his wife Diane Mitchell resigned from the board.

Paul Taylor

Barbican Healthcare buys

Barbican Healthcare has broadened the range of its corpoate and private healthcare provision with the acquisition of two dental services companies for an aggregate £2.15m. It is paying up to £1.67m for Corporate Dental Services, which provides mobile and on-site dental services to companies, and £480,000 for M Spencer Swaine, which pro-

In the year to October 31, the former made profits of £192,000 on turnover of £750,000. The latter made £702 on

acquisitions would contribute to group profits in the

WBB expands in Germany

Watts Blake Bearne, the clay mineral mining group, has agreed to buy a quarry and a mineral rights concession

Recent drilling has indicated about 10m tonnes of

DMGT £25m property sales

Inter-Alliance, an independent financial adviser which operates nationally, is to list on Aim early next year in an offering which will value it at £13.5m.

cent of the total equity.

Vymura signs Benetton deal

Samsung is to set up a syndicate at the Lloyd's of London

Samsung will provide £10m of capital to support busi-

(£18m), is the biggest non-life insurer in South Korea and its Lloyd's operation is expected to cater mainly for the

Self Sealing Systems International, the Aim-listed maker of self-sealing balloons, is buying Jumbo Promotions.

Jumbo's principal activity is advertising promotions of £761,000. Net assets were £409,000.

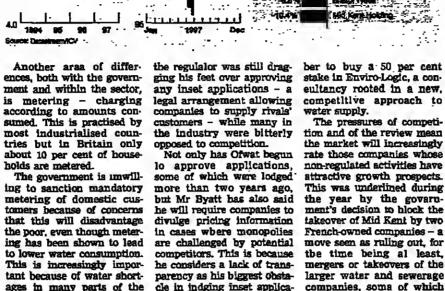
plans to raise £1.3m net by way of a placing and open offer of 7.25m shares at 20p each. SSSI shares were suspended at 17%p, pending approval

Critchley buys in France

Critchley Group, which makes calle identification products and components for the electrical and telecommuniacquired are about FFr14m

Spring Ram's £15m sale

Spring Ram is selling a 10 acre property at Birstall, Leeds, to a subsidiary of Edge Properties for £15m cash. Its book value is £6.8m and it has planning consent for 92,500 sq ft of retail warehousing. The site is at junction 27 of the M62 motorway, adjacent to an ikea store and a retail park. Edge said the property would form "a strategic part" of its core portfolio. Spring Ram will use the net proceeds to reduce borrowings.



Equally, some companies ronmental and financial this year started to take the cutting costs. prospect of competition more Competition is also set to seriously. This was demonbecome more of an issue in strated by South West Water's decision in Novem-1998. At the start of the year,

Diversification is perhaps where the water companies

vides dental services in the City.

turnover of 2526,000 in the year to July 31. Stuart Bruck, chief executive of Barbican, said both

coming year, and expected to make further acquisitions in the first half of 1998.

both in the Westerwald region of Germany, for £10.2m cash from Keramchemie. Half is payable immediately and the remainder at the end of next year.

eserves of fine ceramic clays at the two sites.

Daily Mail & General Trust, the media group, is to sell various property interests in the Fleet Street area of London and in Manchester to Hilstone Corporation for 225m, of which £3m is deferred for a year. DMGT said the transaction was expected to produce an exceptional gain of some £5.5m.

Inter-Alliance to raise £5m

It hopes to raise £5m at 268p a share through an offer for subscription of 1.86m shares, representing 37.2 per

The funds will allow expansion. The group currently has eight offices throughout the country.

Vymura, the wallcoverings maker, has signed a licensing greement with Benetton, the Italy-based multinational fashion house, to produce a range for the UK market. The deal is worth up to 210m in sales over five years. It is the first time a British company has brought a home furnishing product to the UK market under the Italian compa-

Samsung Lloyd's syndicate

insurance market. The South Korean conglomerate is the second large east Asian company do to so, following Nissan last year.

ness written of 54m next year. The syndicate will be managed by Murray Lawrence, one of the biggest under writing agencies at Lloyd's. Samsung Fire & Marine, which has assets of \$30bn

needs of clients outside its domestic market.

SSSI in Jumbo deal

and public relations, mainly through the supply of static inflatable units and balloons. It made a pre-tax profit of £137,000 for the nine months to September 30 on turnover Consideration is £1m cash and 1m new shares. SSSI also

of the deal at an extraordinary meeting.

cations industries, has acquired Groupe Riondet-Malhert, a French specialist manufacturer, for FF177m (£7.8m). In the year to November 1997, Riondet-Malbert'e sales were FFr75m and profits were FFrt0m. Tha net assets

Disguisables called in to arrest Budgie's dive

Emiko Terazono takes a look at the attempts to wake up Sleepy Kids' performance

Disguisables are cartoon characters oul to save 13p. lbe human race from the

machines".

For investors, the crucial question is not whether The Disguisables; to be marketed next year, will be able to as Fox Children's Network it will salvage the floundering shares of the cartoon's year.

creators, Sleepy Kids. Better known for its animated Budgie the Little Heli-copter, crealed by the Duch ess of York, Sleepy Kids has struggled to break out of the one-product company

Budgie and its royal link has proven to be a double-edged sword for the company. The Duchess's name helped the group export Budgie to more than 70 countries, but negative media coverage in the UK hit merchandising sales and Sleepy

Kids' share price. Earlier this year, the company became embroiled in a Schrager Powell. \$22m (£13m) legal dispute with Budgie's US marketing agents, and ITV failed to commission a fourth series of the cartoon. Sleepy Kids to those of a biotechnology was forced to write down the intellectual property value of Budgie from \$2.4m to £1.8m due to developments in the

Ever since the group ny's fortune has roller- it may never happen." coastered with the Duchess's

group of tough streel reputation. The shares, panies need a portfolio of kids known as *The* which hit a high of 118p characters. Sleepy Kids in 1994, have slumped to

Although the company Artificials, a "new and heart-less species of intelligent erties, about half of last year's profits came from Budgie, and lhe group reported pre-tax losses of £166,000 at its interim stage save humanity, but whether in the US dropped the Budgle series at the end of last

> The company, founded in 1985, created animations Dr Zitbag's Transylvania Pet Shop and Potsworth, which was co-produced with Hanna-Barbera. It floated on the USM in 1989 at 20p, moving to a listing last year

> Martin Powell and his wife Vivien Schrager Powell, the company'e founders, are hoping that The Disguisables, along with another car-toon, Tickling Funsters, will help diversify the group'e animation portfolio. "We're addressing the criticism, and we've had great response for the two products," says Ms

David Advant analyst at Durlacher, says the investment attractions of an animation company are similar company. Children's animation characters can have long lives, be says, and a hlockbuster hit will also bring in profits from merchandising products includbought the worldwide rights ing stationery, toys, and of Budgie in 1992, the compavideos. "But the risk is that

characters. Sleepy Kids seems to be addressing this, says Mr Advani. "It is trying to avoid hlips by creating a

country and the high envi-

costs of huilding new reser-

more widely based group."

Mr Powell says Budgle remains the backbone of the group, and he has no plans to sell it. "Children still love Budgle. They don't care who made it," he says. He points out that in an

age of multi-channels, animation libraries are fetching premiums. Sleepy Kids is trying to hulld up its portfolio and selling Budgle as a sole product would not be an option, he says. His comments reflect

recent deals indicating the

trend towards higher valuations for animation cata-Last year Caspian, the owner of Leeds United Football Cluh - soon to be renamed Leeds Sporting sold Filmfair, a library of 100 bours which included the Wombles and Paddington

Bear, for £10m. The company

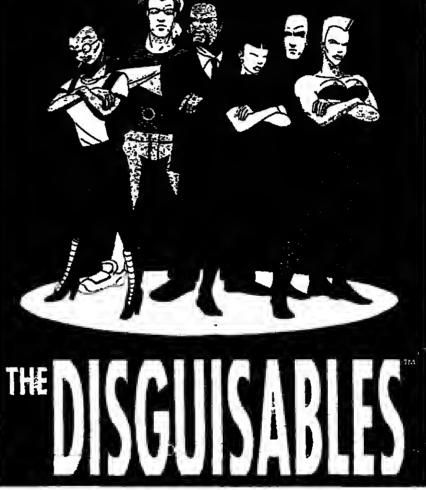
bought the library for £1.75m

in 1991. In another deal,

Trocadero, the leisure group, paid £13.5m for the Enid Blyton library. In order to place a valua-tion on its 45-hour portfolio, Sleepy Kids is currently in talks with several specialist evaluators, which include accountancy and law firms.

Mr Powell says be is seek-

ing investors to take a minority stake in the company. The group needs to finance the production of as it goes through a develop-to produce The Disguisables, which is ing phase for its products. projections.



estimated to cost £20n, and For Sleepy Kids to regain find a further £1.3m for Tickling Funsters. He admits that the com-

pany has its "lumpy period"

Ashtenne buys

confidence in the City, it will

need a larger portfolio to flow that will allow analysts as it goes through a develop- to produce reliable profit

with reliable profit projections and a price/earnings multiple, investing in the company may seem hardly more than a punt

Scottish portfolio A further payment of £1m cash is deferred a year

of Whithorn, a private property group.
Ashtenne will pay \$8m for the portfolio which comprises 16 industrial estates owns the halance of Whi-

Ashtenne Holdings, the

lotalling 600,000 sq ft in cenproperty portfolio.
This comprises six industral Scotland. Some 17m of the consideration will be via the issue of trial estates valued al 5.t4m shares at 136p each.

Micro Focus buy in US

assets of XDB. vider of development, mainmid-market price of Micro Focus shares in the 30 trading days prior to the closing

Grevcoat deals in London

Greycoat is to acquire the long leasehold interest in 20 Cannon Street, London. from a subsidiary of Reit Asset Management for £17.5m cash. The property is let to Herbert Smith to 2008 acquire Charnwell, which at a gross rent of £1.96m a year, providing an inttial yield of 9.72 per cent. thorn's Scottish industrial The company has also

tracts with Scottish Life on

But until that earnings

stream le realised, along

a composite deal involving Greycoal's 1 Great St Helens, London, development and Scottisb Life's Investment at 36 Poultry, London. On completion and letting of the 51,000 sq ft development at Great St Helens. Scottish Life will acquire a 50 per cent stake in the freehold bnilding, with the option to acquire the balance al its then market value. At current rates, the

value of the development is £30m-£40m. Creycoat will acquire the freehold of Scottish Life's investment at 36 Poultry.

fax 01892 525275. email copy@nla.co.uk.

Allied STOP! London Are you about to

break the law by copying Allied London Properties ha from this newspaper? Under the Copyright, Designs and Patents Act ing two London proper 1988, generally it is unlawful to reproduce

articles from newspapers without permission even if only for internal management purposes. CMIG has acquired a half To make copies legally, your organisation must get a licence from the Newspaper Licensing Agency - set up to help you comply with the law quickly and easily.

booklet. For your copy, simply contact the Newspaper Licensing Agency at Lonsdale Gate. Lonsdale Gardens, Tunbridge Wells, Keni TN1 1NL or telephone 01892 525273,

You can obtain details of the licensing scheme

and an application form by sending for a

venture

announced a joint venture to redevelop its industrial estate near Dertford, Kent, with Clerical Medical Investment Group. It is also buyin Bloomsbury and Covent Garden, for £16.3m.

inlerest in Allied's Dartford Trade Park for a cash sum valuing the 45-acre site at Ailied has bought the 550,000 sq ft Brunswick Estate in Bloomsbury from

Rugby Estates for £13m. Cur-

rent rental value is about

21.2m a year and, following

refurblsbment, Allied expects it to be £2.2m-£2.5m. in Covent Garden, it has bought 25 Shelton Street, a 17,000 sq ft office building for aboul £3.3m in a swap transaction with Dawnay Day Properties which has acquired Allied's Brunswick Trading Estate. Allied intends to seek change of use to retail, restaurant and values XDB at \$13.4m \$10.1m and had assets of 47,500 sq ft office and retail residential.

property investment group, huying three companies from completion until Whithat make up the majority of thorn has satisfied a the Scottish property assets warranty. Ashtenne has also agreed to a put and call option with Whithorn whereby It will

Micro Focus, lbe software house with quotes in Londoo and on Nasdaq, has agreed to buy privately held XDB Systems of the US, a pro- Issued will depend on the

tenance and connectivity tools for the DB2 database standard. Holders of XDB shares will ary 15. receive Micro Focus shares based on a formula which

There will be a further payment of \$3.1m for certain The value of shares to be

date, expected to be on Januin the year to January 31. XDB lost \$3.2m on sales of

TOTAL TOTAL STATE OF THE STATE Manager as the state of the sta

LSE II index from Januar The same of the sa

Immunitive Technologies st American military and a common gree of

Property of the Control of the Contr

Barbican Healthcare buy

All the second s Supplements

WBH expands in German

1 / 100

DARGE 125m property sale 10000

Inter-Allrance to raise 500

William Property Appelle of the Control of the Contro

Varioura signe Renetton de

- The same of the

gazin Terri

Talajo

அம் செ

And the state of

A

4 6 2 11

¿nes.

SSI in Jonats deal

ria government However, the high-rollers have coet Crown dearly, Summering I have a syndicale winning at least \$55m from lts tables in October and November.

Crown's A\$200m bail-out plan, including the \$146m | was the catalyst for a 7.5 per rights issue, is to be underwritten by ANZ Securities, the broking arm of ANZ Bank. ANZ Securities and A\$650m debt facility for Crown Casino. Its largest shareholder, construction group Hudson Conway, will provide it with a \$50m short-term loan facility.

Mr Williams admitted the rights issue was "marketsensitive information", but defended the ahrupt announcement of the loss and the company's decision to undertake the issue. Mr Williams said Crown had heen considering how to remedy the breach of the casino licensing agreement by applying sufficient cash reserves to reduce the debt.

"Crown acknowledges that its proposal for a rights issue was price-sensitive information, but that the proposal was not complete, and therefore could not be disclosed until December

19," he said. In a lengthy response to investigators, the company said legal opinions received March. on October 9 indicated it had no requirement to Charles Harman, formerly inform the market of its bal- managing director of MCance sheet crisis.

dropped 25 per cent to 63 to head its eastern European dramatically. losses and rights issue. The open an office in Moscow in had taken a sanguine view fourth higgest underwriter chares were trading at the first quarter of next of recent events in Russia of US equity offerings, hanalmost A\$3 a year ago.

COMPANIES AND FINANCE

Cinven near to deal on IPC buy-out

Crown

Casino

probe

to be

By Gwen Robinson

Anstralian eecurities

anthorities are set to widen

their investigation of the

fmancial problems at Crown

Casino, one of the country's

largest listed casino opera-tors, and of whether the

company hreached stock

exchange rules on continu-

on December 19 after Crown

disclosed a A\$40m (US\$26m)

operating loss in the five

months to November and a

negative cashflow of A\$15m.

The company said it would

not reach its forecast

A\$1.3bn revenues in the cur-

rent hueiness year and announced a bail-ont plan

Crown's approuncement

came in spite of comments

to shareholders as recently

as October 6 by Lloyd Wil-

liams, chairman, that the

company was "on track" to

achieve the 1998 revenue

goal of A\$1.3hn. A month

later, Mr Williams dismissed

suggestions Crown was los-

ing money as "ridiculous".

The Australian Stock

Exchange and the Austra-

lian Securities Commission

investigation has so far

• Falled to disclose hy a

deadline that it had

exceeded its gearing level limits as set under the terms

• Received a warning letter

on November 10 from the Victorian casino anthority

financial difficulties, insisting it was making profits.

Crown's financial prob-

lems have been blamed on its campaign to ture "highroller" gamhlers from Asia,

which has entailed entice-

ments such as private jets,

first clees domestic air

travel, luxury accommoda-

exclusive golf course.

revealed that Crown:

of its casino licence

about the breach . Misled investors about its

The probe was launched

ous disclosure.

and share issue.

Cinven, the venture capital group, is close to completing a manage-ment huy-out of IPC Magazines from Reed Elsevier, the Anglo-Dutch publisher, in a deal expected to be completed by January 5.

between £850m and £950m (\$1.41hn-\$1.53bn), about 11 times the group's of the Netherlands.

venture capital companies, appears to have secured exclusive rights to negotiate a deal by promising e her states. The merger is scheduled much of the work on the deal was quick purchase:

two weeks after the December 19 deadline for eubmission of bids. The transaction would be one of the UK's largest management huy-

No price has been confirmed, but Reed Elsevier because it is attempt-IPC had been expected to sell for ing to complete its £20bn merger with the publisher Wolters Kluwer

280m cashflow. The European Union is conduct of the UK, Cinven, one of the UK's largest ing an investigation into the effect Netherlands. of the merger on the publishing industries of a number of EU memto be put to shareholders in April. done over the Christmas holiday.

Cinven is able to offer a quicker reached by January 5, just over sale because it faces none of the regulatory hurdles that affect trade buyers. Media companies that had been linked with IPC included Bertelsmann and H Baner of Germany, Hachette of France, Hearst A quick sale would appeal to and Time Warner of the US, and the UK's Mirror Group, News Cor-

> Reed Elsevier is the joint operating company of Reed International of the UK, and Elsevier of the

poration and Eman.

Cinven's move will have caught other hidders unawares because Cinven was advised by Salomon Smith Barney. Reed Elsevier was to Reed because of the abolition of advised by SBC Warhurg Dillon UK advance corporation tax. It had

IPC publishes 74 consumers titles in the UK, including Loaded, TV Times, Woman's Own and New Musical Express. Interest in the tax on sales of £314m in 1996. If the sale has been intense because it is sale goes ahead after due diligence zines to come on the market.

except New Scientist up for sale in October because they no longer fitted the group's strategy following the Wolters Kluwer merger, when it will concentrate on specialist

previously used IPC's UK cashflow to offset the ACT liability.

According to Reed, IPC made profits of £68m before interest and rare for large portfolios of maga- and other checks, Cinven will devalop IPC as a stand-alone con-Reed Elsevier put all IPC's titles sumer magazine business. The eventual aim is likely to be a separate stock market flotation.

Reed Elsevier has given permission to IPC's existing management to negotiate with Cinven over

directly with Northwest once

Italy and the US resolve an

That hilateral accord would have to be phased so

that Alitalia, which has been

able to set high fares in its

time as a virtual monopoly,

does not suffer a revenne

For KLM, "the priority in

1998 will be finding an Asian

partner," said Mr van Wiik.

Japan Air System is among

two dozen carriers world-

wide with which it has

co-operation agreements of

some sort, but its network is

limited and the Dutch are

understood to be looking for

at least one regional heavy-

weight. Speculation centres

on Hong Kong's Cathay

To handle flights from

Asia and elsewhere, the

renewed Malpensa will have

an eventual capacity of 28m

people a year and Im tonnes

sit hurden on KLM's Amster-

dam hnh, although Mr van

Wijk insisted the deal was

not intended to solve the

noise restrictions imposed

on Schiphol. The Dutch car-

rier had long sought a Euro-

pean partner, and talks

began in April before that

While the deal is a new

departure for KLM, for Mr

Cempella it means that Alit-

problem arose,

alia has arrived.

This should ease the tran-

Pacific.

of cargo.

'open skies" pact.

INTERNATIONAL NEWS DIGEST

Sanwa to increase stake in Thai bank

Japan's Sanwa Bank is to lift its stake in Thailand's Siam Commercial Bank, the nation's fourth largest, from 0.6 per cent to about 13 per cent. The Japanese bank said it would purchase new shares worth \$100m to be issued next year, with half to be paid shortly and the rest in April. Sanwa said that despite its economic problems, Thailand remained an attractive long-term market. Sanwa Bank. one of Jepan's big commercial banks, has had close ties with Siam Commercial since an initial investment in 1974

Delay to plan for equity futures

India's financial regulator, Sehi, has postponed publication of its hlueprint for India's first equity futures market - to be based at the National Stock Exchange - after a last-minute wrangle over details in the text.

The outline of the plan - to introduce an equity futures contract based on the NSE 50 index of stocks in spring next year - is already known. But regulators and stock exchange officials are still debating the wording. Differences are believed to centre on references to a carry-forvard system, India already has a system of stock lending known as badla, which allows speculators to roll over trades. When the committee of experts was first set up to study the introduction of derivatives, it was strongly opposed by the Bombay Stock Exchange, India's second argest. The BSE now accepts the move in principle but is anxious to protect the existing badla system.

Sehi officials said the plan would be officially unveiled 'after another two or three meetings", probably next Krishma Guha, Bombay

■ PHILIPPINE AIRLINES

Carrier posts 3bn pesos loss

Philippinc Airlines, the national carrier, posted a net loss of 3bn pesos (\$75.7m) from April to October in the year ending March 1998. The company gave no comparative figure for last year hut it said its net loss for the previous fiscal year was 2.5bn pesos, High operating expenses have slashed the airline's earnings. PAL said e possible pilots' strike would further worsen

its financial problems. Last Wednesday, the Airline Pilots Association of the Philippines voted to strike. The union said PAL had illegally dismissed a pilot. PAL said the Department of Labour and Employment had prohibited any strike or lockouts at the airline. Union members who defied the labour department's order would be sacked, PAL added.

China and Taiwan groups in tie-up

Ting Hsin, parent of China's biggest maker of instant noodles, is in talks with Wei-Chuan Foods, Taiwan's second biggest food company, to jointly sell products in China and Taiwan. Ting Hsin, which controls about a quarter of China's instant noodle market via Hong Kong-listed Tingyl, may buy shares in Wel-Chuan to cement the two companies' ties, said Chen Chai-chun, Tingyi vice-president. Wei-Chuan confirmed the two sides had held talks on forging a husiness alliance but declined to provide details. Gordon Cramb

Dow Jones, Taipei

Malpensa prepares for take-off

KLM's deal with Alitalia will turn Milan's airport into an international hub

Partners in the sky

he boards announcing partence - departures - are up inside the L1.060bn (\$609m) terminal huilding that is to transform widened Milan'e Malpensa airport into an international huh But they remain hlank. The facility, which was to have

opened this month, will not be ready until mid-1998. The chief executives of KLM and Alitalia met amid of dollars" e year. This was the snow-coated building before the two even started works recently to shake to explore ways of bringing hands on an agreement outlining a comprehensive partnership, of the kind the Dutch carrier has hullt with Northwest Airlines of the

Co-ordinating their routes into a single network of passenger and cargo services is so complex that KLM is untroubled by the construction delay: the new schedules will be in place only by next November. KLM's Leo van Wijk last

week flew in with his team on a Boeing 737 named the Marco Polo, saying he hoped same sense of vision as the 13th century Venetian traveller. Domenico Cempella, the

reforming head of Rome's state-controlled carrier, proclaimed the deal, and the Malpensa project which will make it possible, a "positive sign of the changes affecting

made clear he was flattered that the renaissance in Alitalia's finances and operating standards had drawn partleading Europe-based carri- share, where KLM says it system for Malpensa involvers. Just as important, sug- has some 7 per cent in ing three "waves" daily of stions that national politic Europe. cians would impose a choice

"We were able to eelect our own partner, solely with the aim of improving our competitive position," he said. Air France, which lost out along with Swissair, had heen favoured hy some in Rome.

Mr van Wijk estimated the extra proceeds from putting together the two networks et "some hundreds of millions down operating costs. And on that point, he indicated that there were certainly costs - staff included - to be

Integrating aircraft fleets, engineering and maintenance, and data systems should also deliver future benefits, but are not part of the memorandum of understanding that is intended to lead to a hard-and-fast accord by February. The rewards for now

would flow into the airlines' accounts merely by connecting the right flights to the the alliance would have the right places at the right "It is surprising what you can do with proper network

design," said Donald Kalff.

KLM vice-president and

chief negotiator in the deal. our market position hetween, say, Stutthetween, say, barrier and Aberdeen is what counts. It is a matter of The former check-in clerk totting up." Alitalia's network of largely short-haul was more important to prof- Late In Arrival" was how-September 30 reporting nership overtures from three itability than overall market ever, already committed to a

> Together with Alitalia that tures. per cent", said Mr van Wijk, schedules in what has been

April-September 1997 Revenues (\$m) - 2,600 3,597 300 Operating Income (\$m) Passengers cerried (000's), 4% (4 33,800 7.000 Destinations served Europe 43 74
Total 102 137 City Pairs 9,15 102 157 Short neit 120 68 Staff > 17.300 26,300

which brought the accord.

planes in an hour and have

60 take off. Any flight that

leaves can be fed from 59

The partners promise

more direct connections

within Europe and higher

frequencies, as well as an

increase in intercontinental

Alitalia is to retain its

existing loose ties to Conti-

nental Airlines of the US

until 2002 hut join hands

other planes."

services.

describing it as the mini- the most complicated technimum range needed to play a cal element of the talks

In a market expanding at Mr Kalff argues: "You about 8 per cent a year, the need standards of punctualnew allies believe they can ity that are considerable if achieve growth above 10 per you are to bring down 60 Analysts can find little

fault in the fit between the two companies. Their hnbs are far enough apart not to feed off each other, and each carrier will have gaps plugged in long-haul destinations.

Some observe that Alitalia's fleet is elderly hy comparison, and Its image is not all that it could be. The airline known of old

routes would contribute to passengers as "Always "very substantially". This Late In Take-off, Always

on grounds of diplomatic share would be "at least 10 These operations will now expediency were proved per cent and reaching for 15 he integrated with KLM's

Swiss Bank **Corporation**

Invitation to shareholders to attend the

Extraordinary General Meeting

to be held on Wednesday, 4 February 1998 at 3 p.m. in the "St. Jakobshalle Basel", Brüglingerstrasse, Basel

Agenda

Merger of Swiss Bank Corporation with Union Bank of Switzerland

Proposals of the Board of Directors:

Approved of the merger with Union Bonk of Switzerland as foreseen in the merger agreement dated 5/6 December 1997, and of the dissolution of the company following the merger, under Article 748 of the Swiss Code of Obligations, with UBS AG.

numbered of Article 38 of the Articles of Association as follows: "The books shall be closed at the 30th September for the 1997 financial year and the balance shaet shall be drawn up in

accordance with the provisions of the Swiss Code of Obligations and the Federal Low on Banks and Savings Banks. The Group Financial Statements will be drawn up as of 31st December."

These two resolutions are only voted providing that the General Meetings of Shareholders of Union Bank of Switzerland and UBS AG also approve the merger. The merger is to be completed according to the provisions of the merger agreement.

Registered shareholders of record as of 31 December 1997 will receive a personal invitation.

During the period from 31 December 1997 to 4 February 1998, no transfers of registered shares can be recorded in the Share Registe which entitle the holder to exercise voting rights at the Extraordinary General Meeting.

We will be pleased to casist shareholders who do not intend to attend the Edmoordinary General Meeting in person with regard to the representation of their shares. If no instructions are issued with regard to the casting of votes, they will be cast in favour of the proposals of the Board of Directors. STG - Coopers & Lybrand AG, P.O. Box 4152, 4002 Basel, has been designated as independent proxy for the representation of votes according to Article 689c of the Swiss Code of Obligations, if no instructions are issued to this independent proxy the votes will be cost in fevour of the proposals of the Board of Directors.

An explanatory brackure containing the merger agreement, the Articles of Association of UBS AG and the parent bank balance sheets as of 30 September 1997 will be available for inspection from 5 January 1998 at the bank's head office in Basel. Each shareholder is entitled to request a copy of this brochure to be sent to him or her personally).

Custody account representatives according to Article 689d of the Swiss Code of Obligations are requested to notify the bank of the quantity, type, nominal value and category of shares they represent as soon as possible, though by not later than midday on 3 February 1998, According to the Federal Low on Banks and Savings Banks dated & November 1934, australy account representatives include all institutions and asset managers governed by the above law.

For the Board of Directors Georges Blum Chairman

Share Register Dept. P.C. Box CH-4002 Basel

"The key issue for inves-DLJ's move comes at an quarter was whether the

uncertain time for the Rusbuild-up in Europe following 195 per cent in the first nine the rouble," he said. than 30 per cent since the held its value and that has

because it believed the mar-dling deals worth \$3.8bn.

government would stand hy its commitment to stabilise "Despite the problems from Asia, the rouble has

managing \$5.9bn of public

Homestake bid gives gold mining sector a lift

By Kenneth Gooding, Mining Correspondent

tion, and the company's own Gold mining chares have The company epende about A\$28m a month to days following the agreed attract international gam-US\$640m takeover hid by blers and is able to do this because of lucretive tax Homestake of the US for Plutonic, an Australian gold breaks granted by the Victoproducer.

Investors are anticipating further consolidation in the sector as companies battle to survive when the gold price

deal, announced a week ago. cent rise in Australia's gold mining sector.

Jack Thompson, Homes-

take president, pointed out cial services group, also pre- lated to Plutonic but was Bank of America have that the steeper fall in Ausjointly underwritten a tralian gold share prices, compared with those of North American producers, and a weak Australian dollar against the US currency, had allowed his group to offer an 86 per cent premium on the previous Plutonic market

"If Homestake is prepared to pay an 86 per cent premium, then it definitely looks for ways to improve opens up the whole market," profitability," he said. said Keith Goode, analyst et Even strong companies

Bell Commodities, a Sydney feel vulnerable. Barrick stockbroker. showing big rises since the a shareholder rights, or "poi-

henefited from the Homes- any approach, however. take move, and the Toronto exchange's gold sector rose 2 per cent as investors consid-

takeover activity. analyst at Midland Walwyn not interested. the Toronto stockbroker.

dicted that there would be more mergers because of low gold prices. He pointed out thet North American gold producers took ehout \$1.3bn in write-downs in the third quarter after reviewing their assets

"Corporate rationalisations and consolidation could become e major theme during 1998 as the industry

Gold, second largest North Among the companies American producer, adopted risen sharply in the past few Homestake hid are Nor- son pill", plan this month as mandy, Australia's higgest a defence against any unwelgold group, and Lihir Gold. come bid. The company said Gold shares in Canada also this was not a response to The long period of falling

Homestake Its chance to bid ered the possibility of more for Plutonic. Homestake had heen seeking to huy Malayis near an 18-year low. "I definitely expect more sian Mining Corporation's 36

The Homestake-Plutonic mergers in the next few per cent stake in Plutonic months," said Mike Curran, since March, but MMC was

Homestake then made David Christensen, analyst overtures to MMC in August at the Merrill Lynch finan- about a partnership unrealso rejected. Then early in November, MMC approached Homestake, said it had had a change of heart ehout Plutions began only in Novem-

Plutonic's share price had fallen from A\$7.50 in mid-It reported a net loss of A\$63m for the 1997 first half following a write-down of the carrying value of its five Even strong companies mines in Western Australia.

DLJ to expand in Europe

By Jonathan Ford

bank, is expanding its presence in eastern Europe. The move continues DLJ's rapid

year.

The bank intends to focus kets were likely to recover in on debt and equity capital 1998. Donaldson Lufkin & markets, mergers and acqui-Jenrette, the US investment sitions, and private equity.

sian markets. After rising by its acquisition of Phoenix months of the year, Russian Securities in the UK last equities have fallen by more DLJ said it had hired global shake-out at the end to give investors confiof October. Investors in Russian sover- Last year, DLJ was the

BBL, the specialist eastern eign and corporate bonds top-ranked lead underwriter Crown's share price European investment bank, have seen spreads widen of US high yield bond issues, cents after the news of the operations and planned to Mr Harman said that DLJ offerings. It was also the Basel/Switzerland, 17 December 1997

) Contact address: Swiss Bank Corporation

Thems Kamer 180 ale 1

Sec. 198

Total return in local currency to 24/12/97

THIS WEEK

Global Investor / Philip Coggan

Risk management the academic way

Financial instruments have year but are grouped understanding of the econ- ble to gain access to, and to say, Prudential is likely to become more complex over same time, banks have not fit a normal bell curve steadily become more depen- distribution but have "fat dent on trading and securi- tails" - large movements ties-related income as profit occur more often than would margins on basic lending have been eroded.

These trends have heightened the importance of risk management within financial groups, as have the col- dict how economic developlapses of long-established, ments influence market apparently "blue chip" firms such as Barings.

which determine risk really requires financial services groups to keep pace with academic research in the area. For example, research has shown that volatility is "clustered" - highly volatile days are not randomly dis-

together. A related finding is the past 25 years. At the that market movements do

Bnt, according to e new book* on the issue, the key issue in risk management could be the attempts to preprices. The problem in ettempting to forecast the Understanding the factors economy is that it is not a physical system, subject to defined laws, but e social

> Social systems are marked behaviour; indeed, greater power means it is now possi-

the way the economy behaves.

"One might argue that

self-referentiality is a question of the 'level' of laws" say the euthors. "At the eppropriate level, laws should be eble to describe agent learning es well as the impect of learning on the environment to be described. In the economy, however, many obstacles stand in the way of comprehensive modelling; phenomena are complex and experiments cannot be performed."

One answer, edopted by many financial firms, is by "self-referentiality", the merely to get a better handle process through which indion the available data. The viduals edapt to new circum- advent of electronic trading stances and change their and the use of computer

omy will, by itself, change analyse, vast amounts of real time price information. This et least allows both academics and bankers to test model" designed to forecast their theories against historical market move

> The approach taken by academics to the problem, rather than to construct some grand economic thewhere conventional theory fails to describe the real world and to try to examine, at the individual level, how decisions are taken.

For example, traditional financial theory tends to aseume that agents are "price-takers", in other words, that their trading individual financial organidoes not affect the price level. For many large institutions, this is clearly not the case; a programme trade by,

move the market.

BARRA in California has developed a "market impact the cost, in terms of commission plus market impact, of stock transactions. Another approach is to

examine how individuals take decisions. Economic ory, is twofold: to pick apart analysis is based on the rationel expectatione hypothesis; however, indihave biases such as overconand can change a good decision-making process which leads to the wrong outcome. A particular danger for the

sation is the aggregation of these biases, which may have a self-referential aspect. "One problem in designing gains in knowledge will lead

there is a tendency for people inside a firm to share views. The result everyone gets caught with the same

chaos theory, or the study of complex systems. A common mistake, according to one professor cited in the book. has been to assume thet chaos theory can be used in some way to predict market movements. This is simply not possible, but the theory fidence and loss-aversion can help explain bow differ ent market factors relate to each other over time. In particular, it may explain the formation of aggregation and structure in groups, such as

teams of traders. The opproach will inevitably be incremental. Small

7.75 hedging strategies is that 12 months Bonds 7-10 year Week Month book" say the authors. This leads academics to

to short term gains for the firms that use them, just as giraffes with slightly longer necks gain e wider choice of food. But the market will change, or other participants will catch up, and the advan-

tage will disappear. The nirvane of perfect understanding will never be reached. Because of the complex nature of the system, it

Leaders and laggard

the economy over more than very short period. "Neverthelcee" euthors conclude, "e theory

that is able to describe and predict how the economy responds to inputs would be a significant etep for-

* Risk Management: Framework, Methods and Practice by Sergio Focardi and Caromay well be impossible to line Jonas, published by predict the development of Frank J Fabouri Associans

Retail investors power European privatisation drive

This was the year when the Telecom Italie, which the flagship European priva-European retail investor launched Europe's biggest emerged as a powerful force secondary share offering in the new issues market.

As the Continent's privatisation drive picked up speed Asia's financial crists. The ahead of monetary union, citizen investors in Italy, Spain, Portugal, Hungary and France flocked to participate, to the astonishment of sold into that market. The bankers, the occasional irri- price has since fluctuated tation of institutional investors, and the delight of poli-

And despite the jittery condition of global equity markets, most of these converts to the equity culture are making money on their are rarely the most buoyant 1997 investments. Whether unless shares are scarce - as they bought France Telecom or Matay, Endesa or Banca di Roma, investors are seeing a positive return.

Commission of the Annual Property

into the height of global market uncertainty over offering was heavily marketed to Italian retail investors, and some 85 per cent of the shares were eventually around the issue level of November.

L11,200, and was below it on cember 23. Otherwise, Europe's growing number of retail investors had a moderately good year. Privatisation stocks was the case with France Telecom - or are sold at an extremely low level, which no longer occurs.

tisation stocks this year was Electricidede de Portugal, shares in which were floated at Es2,250 in June and were trading at Es3,548 on December 23, e gain of 58 per cent. Next was Spain's Telefonica, which gained 47 per cent this year, and Hungary's Matav, up a credible 35 per cent since flotation in

In these and other issues, retail investors were to the fore, crowding out institutions, whose buying is largely responsible for the post-flotation rises. "From a profitability point of view it has been a record year. If

Merrill Lynch. What was it about 1997

that brought retail investors out in such numbers? Certainly offerings were heavily marketed, and came laden with incentives for retail investors such as bonus shares after one year and offer prices set below those for institutions. Many were also of household names in the utilities sector. This combination made privatisation stocks attractive to the investor in the street.

For that trend to continue, however, a successful record in selling state companies is essential in persuading the October [the start of the retail base to keep investing Asian crisis] hadn't hap in privatisation stocks. A

The France Telecom case is a good example. French privatisations did not have a good track record until 1996, when prices were dragged upward by the bull market and investors in lossmaking sell-offs finally began to see a profit. That trend continued through 1997, so that by the time of the telecom issue a track record of successful privatisation had been estab-

"Retail investors are more France Telecom could also interested in whether they are making a profit from previous privatisations, and from how stock markets are doing, than in evaluating the Asian crisis] hadn't happened it would have been buil market such as the one ticular stock," says Howard spectacular," says Julian that prevailed for most of Jones at Paribas, which led The one big exception is well-free best performer among a Summer, managing director 1997 below to shape investor the France Telecom issue in

of equity capital markets at .views of the next stock on which some 4m French people applied for shares. The fact that investors are making e profit at the end of 1997 is good news for issuers,

because there is a heavy cal-

endar for 1998, and govern-

ments will be looking to small shareholders to keep investing. The Swiss, Finnish and utilities are expected to be floated. Some observers expect that Air France and

come to the market. Bankers say there is no reason why the retail sector should not continue to play a significant role next year, which is why the gains made in 1997 are so important for the trend to continue.

CLITERCY TOTALS			
Company	lssue price	Price 19/12	% gain/
Fleghtbidege de Portrigei	Es2,250	Es3,349	1
Telefonics (Spain)	Pt3,239	Pt4,450	37
Meter Hangary	Pt 730	Ft957	-
Banca di Roma	L1,358	L1,537	13
Practice leaseom	FFr182	FF/208.5 ·	4
Portugal Telecom	Es7,470	Es8,150	8
Person Specif	P19.010	Pt6.380	*
Erste Bank (Austria)	A\$810	As645	8
Enderer Street	Pt2.885	Pt2 775	9 *
Telecom Italia	L11,200	L10,755	(4)

Polish telecommunications is how solid the retail eventually become more backdrop is not so favourable in 1998. With monetary possibly another tranche of union imminent, privatisation is likely to continue for budgetary purposes.

becoming more selective, case this time last year, especially in utilities, which is where the bulk of the Continent's privatisations are coming from. There is no the width of Europe's new reason, bankers agree, why equity culture; this year . The big question, however, retail investors should not might show how deep it is.

demand will be if the market selective themselves and start stock-picking. With a lot of privatisations

still to be done in Europe. and markets about to enter a new year clouded by more But institutions are uncertainty than was the retail demand cannot be taken for granted.

There is little doubt about

Spiretami el en o .

TO MEDITAL TO STATE

Giover International Sales, Inc. a U.S. Virgin Islands corporation, is available to arrange leases of U.S. manufactured widebody aircraft to be used predominantly outside the U.S. If interested, please contact the company at:

> Glover International Sales, Inc. c/o CITCO St. Thomas Inc. 5 Kronprindsens Gade Charlotte Amalie, St. Thomas U.S. Virgin Islands

Grammercy International Sales, Inc. a U.S. Virgin Islands corporation, is available to arrange leases of

U.S. manufactured widebody aircraft to be used predominantly outside the U.S. If interested, please contact the company at Grammercy International Sales, Inc.

c/o CITCO St. Thomas Inc. 5 Kronprindsens Gade Charlotte Amalie, St. Thomas U.S. Virgin Islands

Lafayette International Sales, Inc.

a U.S. Vugin Islands corporation, is available to arrange leases of U.S. manufactured widebody aircraft to be used predominantly outside the U.S. If interested, please contact the company at:

Lafayette International Sales, Inc. c/o CITCO St. Thomas Inc. 5 Kronprindsens Gade Charlotte Amalie, St. Thomas U.S. Virgin Islands

Oriole International Sales, Inc.

a U.S. Virgin Islands corporation, is available to arrange leases of U.S. manufactured widebody aircraft to be used predominantly ourside the U.S. If interested, please contact the company at:

Oriole International Sales, Inc. c/o CITCO St. Thomas Inc. 5 Kronprindsens Gade Charlotte Amalie, St. Thomas U.S. Viogin Islands.

Shannon International Sales, Inc.

a U.S. Virgin Islands corporation, is available to arrange leases of U.S. manufactured widebody aircraft to be used predominantly outside the U.S. If interested, please contact the company at:

> Shannon International Sales, Inc. c/o CITCO St. Thomas Inc. 5 Krongrindsens Gade Charlotte Amalie, St. Thomas U.S. Virgin Islands

Pelham International Sales, Inc.

a U.S. Virgin Islands corporation, is available to arrange leases of U.S. manufactured widebody aircraft to be used predominantly outside the U.S. If interested, please contact the company at:

> Pelham International Sales, Inc. clo CITCO St. Thomas Inc. 5 Kronprindsens Gade Charlotte Amalie, St. Thomas U.S. Virgin Islands

Standard & Chartered

Standard Chartered PLC (Incorporated with limited liability in England)

£300,000,000 **Undated Primary Capital Floating Rate Notes** of which £150,000,000 comprises the Initial Tranche

In accordance with the Terms and Conditions of the Notes notice is hereby given that for the three months period (90 days) from 24th December 1997 to 24th March 1998 the Notes will carry an Interest Rate of 7% per cent per annum. The interest payment dete will be 24th March 1998. Coupon No. 51 will therefore be payable on 24th Merch 1998 at £970.89 per coupon from Notes of £50,000 nominal and £97.09 per coupon from Notes of £5,000 nominal.



J. Henry Schroder & Co. Limited Agent Bank

U.S. \$200,000,000 Hydro-Québec

Floating Rate Notes, Series FY, Due July 2002

Interest Period

28th July 1997

interest Amount oer U.S. \$10,000 Note due 28th January 1998

Credit Suisse First Boston (Europe) Ltd.



The Republic of Italy US\$500,000,000

Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 29th December, 1997 to 29th June, 1998 the Notes will carry an interest rate of 6% per amum. The interest payable on the relevant interest payment date, 29th June, 1998 will be US\$303.33 per US\$30,000 Note and US\$7,583.33 per US\$250,000 Note.

cario San Paolo di Torino S.p.A., Lond u Agus Bask

Why just dreaming of a white **Christmas? Why not**

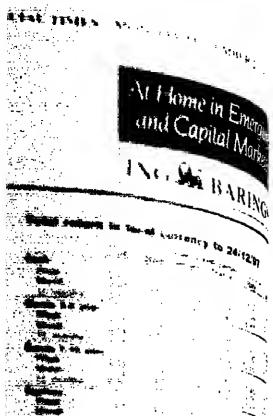
Schuss

down the Alpine slopes? Taking Swissair's first out of Heathrow, you could be skiing powder long before lunch. Or, at least, joining the après set.

Fröhliche Weihnachten.

swissair +

world's most refreshing airline.



A STATE OF THE STATE OF The second second second second - x

Anders and laugard

Mar stra

State to Labor.

alement with the --TO W. STRONG . . . The second of the second -Marking Transport ---

Die Stiere

ning of a white not

ichten.

MARKETS: This Week

NEW YORK By Richard Waters

A clue as to how much the Asian crisis has hit US exporters should emerge on Friday with the report on export orders contained in the latest survey from the National Association of Purchasing Management

Before then, little domestic news is scheduled in a holiday-shortened week to give the financial markets any new direction, leaving the South Korean crisis the matter of most immediate concern to Wall Street.

The stock market had its quietest day of the year on Friday, and with it closed after 1pm this Wednesday and all day Thursday, trading is likely to be thin.

The December NAPM report is expected to show a slight weakening in activity, with the overall index projected to fall to about 53.5 from 54.4 in November, Wall Street expects that decline mainly to be prompted by events in Asia, with falling export orders more than offsetting higher orders from retailers during the

Christmas season. Such an outcome would add weight to the argument that deflationary forces from Asia will act as a counterweight to domestic demand, a belief that had driven the yield on 30-year Treasuries down to 5.9 per cent by the end of last week

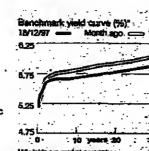
COMMODITIES By Gary Mead

 $\mathcal{P}_{\mathcal{D}_{2}, \frac{1}{2}}$

.

5.0

• • • •



7,800 7,750

The Chicago Purchasing Managers' Index on Wednesday is also expected to register a decline, from 59.5 in November to 57.8 in

7,650 79 22 25 24 25 25 Dec 1997

Today, the monthly report on home sales is expected to Show a slight decline for November, to about 4.39m. after touching a record high in October. With mortgage rates falling in line with long-term interest rates the stage could be set for the housing boom to continua well into the new year.

LONDON By Philip Coggan

The last few trading days of what has been a pretty decent year for the UK stock market are expected to pass quietly. Some dealers may stagger in after consuming their turkey and sprouts, but

many will take the week off. The main focus will be international, with investors on the lookout for more bankruptcies in Korea and Japan. Bad oews from either country could cause sharp nents in what will be an illiquid market.

The main economic statistics of the week will be Friday's purchasing managers' index and M4 broad-money supply numbers. These may give some clue oo whether the economy is slowing down in the face of sterling's strength and the five interest-rate rises since the election.

There are no scheduled corporate results hot to slip in a profits warning or two in the quiet period between Christmas and New Year. And, given that there was a steady stream of bids for small companies in the week before Christmas, there will always he the bope of some further takeover activity. While the FTSE 100 index

performed much hetter than

expected in 1997 - easily

Benchmark yield curve (%)

.18/12/97 -- Month ago --

0 5 - years

"All yields are marine conver

FISE All-Share Index

19 22 23 24 25 26

year - smaller companies

have performed much less

well. By Christmas Eve. the

FTSE 250 index had gained

just 4.8 per cent on the year

and the SmallCap index 5.0

been concentrated in the

bank, pharmaceutical and

heavily represented in the

Footsie but rare in the 250

cil sectors, which are

and SmallCap indices

1.40

7.20

7.00

8.40

6.00

2,360

per ceot.

2355

Germany will start the new year with strong export growth but worrying signs of weakness in the domestic economy. Many of its large exporters have had a good year in 1997 thanks to better sales abroad, which gave their shares a hefty push upwards. The hig car manufacturers, Germany's largest export sector, have had an especially good 12

looks set to continue. But consumer confidence has remained fragile and may even have deteriorated in the past few months. Metro, Germany's biggest retailer, reported lisappointing trade in November and December. and said profits in 1997

ast year. passing 5,000 when even the most optimistic forecast only 4.500-4.600 at the start of the is the chief reason for is expected to fall only worried that the tax and stimulate growth have oow The market's strength has

FRANKFURT By Graham Bowley

4.75 months, and with new DAX Index models due next year this 4,200

would be 25 per cent below

This pattern is likely to continue into the new year. Unemployment, which is at historically high levels and consumers' dismal outlook. ension reforms necessary to

the election in the autumn. WestLB forecasts that the German share market will rise again in 1998 but by less than in 1997. It predicts that

been put on hold until after

TOKYO By Paul Abrahams

10 years 20

19 22 23 24 25 26 Dec 1967

the DAX index of 30 top

the end of next year.

week, the market may

possible consolidation

in the banks' shares.

HONG KONG

cootinue to speculate on

little economic and

blue-chip company stocks will stand at about 4,300 by

More immediately, with

corporate news expected this

were rumours last week that

Deutsche Bank, Germany's

biggest bank, was preparing

which caused heavy trading

Shares are likely to continue

drifting lower in the short

term as concerns over the

currency persist - partly a

knock-on from the volatile

South Korean won hut also

to take over Commerzbank.

4,100

4 050

from tomorrow. Stock market turnover is likely to be light, with most foreign brokers on holiday. Nevertheless, investors will be watching the Nikkei

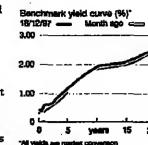
225 Average closely after last Friday's 3.25 per cent fall to 14,800, despite government measures aimed at boosting the economy. Most big banks and life assurance companies bave losses on their equity portfolios

The banking sector has been particularly weak during December on fears about its financial weaknes Japanese banks have been hit by increasing levels of bad debts and bankruptcies aused by tighter lending criteria and the higher cost of capital in the domestic and international markets.

It will he interesting to see how the markets react to the government's decision last week to delay new rules lefining bad debts for banks without international operations.

The market could be puoved in two ways, it could reduce pressure oo the banks to tighten credit among German banks. There reducing the risk of more pankruptcies - and it could lessen the need for banks to sell equities to cover losses on their holdings. But investors might be

unnerved by the



Nikkel 225 Average 15,400 15,200 14,800 14.600 ----19 22 23 24 25 26

prolongation of uncertainty about the size of the banks' bad debts. The promise of an additional Y20,000bo (\$153bn) to support the banking sector might help sentiment but the bond market could weaken on concern over how the funds would be raised.

The recovery of the Korean won against the US dollar last week could belp the steel, shipbuilding and chemicals sectors which compete directly against the

OTHER MARKETS Compiled by Michael Morgan

Fear of oil price falls may be unfounded

There can be few oil traders over terms has been inordibut we may see something in stays at current levels, we severe strain under the \$2bn who face 1998 with much nately protracted. But the mid-January." enthusiasm, given that the big question concerning the final days of 1997 - whether Iraq will resume exporting

oil – is still unanswered. While Iraq has said in principle it will agree to an extension of the UN-brohas been allowed to export \$2hn of oil every six months in exchange for food and

final card may soon be on the table.

Energy Studies, says: "Saddam Hussein has never liked the oil-for-food deal but he has come under enormous kered deal under which it internal and external pressure to renew it and he has reluctantly accepted. I think he will continue to play the

The outlook for crude oil

prices, once Iraqi exports do Robert Mabro, director of resume, is bearish but perthe Oxford Instituta for haps not as miserable as the more extreme pessimists believe. According to latest research by Goldman Sachs' analysts, whether the deal is \$2bm or \$4hn, oil prices may not be as greatly affected as some have suggested.

"If Iraq resumes exports medicine, the poker-game stop-start game for a while, soon and Saudi production infrastructure was under \$22 trading range.

trade down below \$16. Howestimated that revenue-max- UN-permitted exports. imising production for the Saudis would be to pull output back to 8.4m b/d, which we expect would move prices

back up into the \$19 range

within a few months," says

Goldman Sachs. It argues that, as Irag's

could easily see the market export plan, it is perhaps unlikely that it would be ever, we would expect this to able to take advantage of be quite temporary as we any increase in the level of

And if everything does go sour and Iraq snubs a renewed UN deal, perhaps traders will have something to cheer in the new year. In such circumstances, Goldman Sachs anticipates prices moving swiftly back to a \$20-

writes Louise Lucas, Goldman Saehs foresees "minimal upside" for the equity market in the first half of 1998 as the Asian currency crisis continues, interest rates rise a further 1 per-CURRENCIES By Simon Kneer centage point to help maintain the Hong Kong dollar's link to its US counterpart, and residential prop-

> Pressure is likely to be strongest on stocks sensitive to interest rates -- the property and banking sactors. However, a downward revision in economic growth is set to burt across the board. and retail stocks are already suffering from weaker coo-sumer demand. Brokers are

defensive sectors, especially the utilities, while Chinarelated shares are also seen as likely to out-perform the

ZURICH

The Swiss equity market, because speculators are expected to launch a fresh one of the developed world's assault on what is Asia's last hest performers this year, linked exchange rate of a may still have further to go. fully coovertible currency, This year's advance bas been huilt on a benign monetary and currency environment, together with some far-reaching corporate restructurings. most recently the planned merger pushed the stock market to an all-time closing high in

the middle of December. Credit Suisse First Boston erty prices fall 15-20 per forecasts that corporate restructuring, cost savings and rising earnings potential are likely to fuel further share-price increases. It says the Asian crisis is improving interest rate and inflation prospects, although an exacerbation of the turmoil could have negative repercussions by the turb

hurden on the market. None theless, it has set an SMI index target of 6,600 points by the end of 1998, np from just under 4,050 last week.

MADRID

The Spanish market finished the last week of trading hefore Christmas ln an equivocal mood, losing nearly I per ceot after a renewal of recurrent Asian jitters on Monday.

However, Spanish lovestors end the year optimistic about 1998, when further interest-rate cuts are expecof UBS and SBC, which ted to be on the agenda, if not immediately after the Christmas festivities.

Investors will be watching banking group Argentaria closely for news about its forthcoming privatisation. News last week that the group was possibly looking for a strategic shareholder to bny part of the state's residual 28 per cent stake were not welcomed. Investors are becoming increasingly impatient for another round of for Swiss companies most bank mergers in Spain, and advising clients to stick with and could put a temporary of the most likely targets.

S Korea may disturb end-of-year torpor This is usually the week arranged a \$57bn bailout ing the right political noises, nomic theories about which market iturmoil package for Korea on Decem- Kim Dae-jung, president- J-curves would forecast, The - seemed to rule-out-interestcurrency traders spend country's foreign exchange rate rises. Many investors. sleeping off Christmas and elect, appears to have folber 3. Then, on Christmas reserves should benefit, furplaying with their new Por-Eve, the won bounced to lowed the tactic of camsches. But this year the 1500 on news that the IMF ther damping fears that to tighten imminently. They

vide the market with some end-of-year excitement.

The won has fumped about in December as if on a pogostick. It began the month at about 1,200 against the dollar, already a dramatic low, and kept falling to almost 2,000 even though the International Monetary Fund

Alginenies
Algorie
Algorie
Archiva
Argorie
Archiva
Argorie
Archiva
Argorie
Austrele
Austrele
Austrele
Austrele
Austrele
Belgerie
B

Bahama S (Dinar) (Dinar) (Sp Peets) (Talon) (Bath S (Bolg Fr) (Balg Fr) (Balg Fr) (Balg Fr) (CFA Fr)

(CFA Pri (Canadian Si (CPA Pri (CPA Pri (CPA Pri (CFA Pri

(Park C)
sin Krone)
Fit 3:
(Markin)
(CFA Fr)
(CFA Fr)
(CFP Fr)
(CFA Fr)
(CFA Fr)
(CFA Fr)
(CFA Fr)
(CASS
(Cods)

FT GUIDE TO WORLD CURRENCIES

7982.27 246.318 98.9074 9.9054 250.810 429391.1 4.5090 1.6890 534.7580 2.9862 2.5437 20.8418 5595.310 902.579

1,8700 0,6297 250,810 75,8902 3,3568 69130,00 65,3744 1,8018 2,7913 2,9413 2,944,96 900,540 10,4400 675,686

5514.77 900.540 22.9668 250.8183 1.3651 900.540 97.72.941 13.6280 97.744.464 900.640 10.4114 38.4069 0.1066 90.1114 13.6280 10.4114 13.4069 10.4114 13.4069 10.4114 11.2780 4.5069 14.6204 900.540 900.540 900

11.2750 2.5791 8.9676 3.9054 980.540 9.9054 980.540 16.8164 2.9588 3754.89

4750.00 147.500 58.0302 5.8315 150.190 2.57128.0 2.7000 0.9994 499.870 1.7900 1.5332 12.4305 3950.00 181.250

10,377-166,190 45,4500 2,0113 41400,0 56,600 1 39,1475 5,350 1,8715 1,782,50 66,215 404,620

3482.00 560.180 1.4853 150.190 9.8282 593.190 643.890 8.2785 1287.85 593.180 0.284.090 8.2785 1287.85 593.180 0.284.090 0.284.090 0.7855 177.720 2.7000 4.7555 177.755 127.000 4.7555 14.350 4.450.00 1.400.00 1.4

0.5998 6,7536 1,5444 5,3700 5,9015 583,150 5,9315 10,673 993,150 10,0694 1,7724 2248,50

2679.86 88.2205 32.7410 3.3467 84.7406 145073.3 1.5234 0.5639 262.030 1.0089 0.8594 7.0416 2226.62

0.5642 0.2127 54,7406 2,1,1348 23358.2 20,558.2 1,1258 1,1258 334,669 0.5642 22,067 2,1446 0.5642 22,067 3,07185 2,1446 0.9451 394,975 334,668 3,3273 228,210

1954.57 334.999 0.8098 84.769 0.4673 34.899 354.899 354.899 251.523 334.999 728.594 137.499 351.69 351.05 12.9763 351.05 12.97

0.3879 3.8105 0.8714 3.0299 3.3467 334.669 3.3467 60.9754 334.889 5.6612

3648.93 113.309 44.5788 4.6586 115.376 197524.9 2.0741 0.7877 383.999 1.3751 1.1701 9.5873 3034.38

0.7682 0.2696 116.376 54.576 54.576 54.576 51.608.2 28.12294 4.53.656 0.7652 2.9603 2.9603 1.26400 1.26400 1.26400 1.26400 1.26400 1.26400 1.26400 1.26400 1

2074,38 455,685 1,1025 118,276 73,276 456,559 537,162 6,280 109227.0 187,179 455,695 0,389 45,695 17,885 17

6.4620 5.1860 1.1864 4.1252 4.5568 4.5568 4.5568 7.7350 1.3816 1727.28

Gibreiter Greechend Greechend Greechend Guiren Guiren Guiren Guiren Honduras Honduras Hongery

South Korean won could pro- and various rich nations would provide \$100n of the package almost immediately,

short-term debts. The won therefore enters this week with a chance of rising almost as sharply as it had fallen. Not only does Korea now have foreign currency; it is also at last mak-

paigning to the left and governing to the right: before the election be attacked the IMF, but now he is support- torium.

fall in the won should boost the November trade balance, due out today. Korea is thought to have shot into trade surplus far sooner after devaluation than eco-

11,2780 4,5089 9,9054 1,8700 10,3479 1890,23 990,540 238,469

119,556 65,3744 8850,76 5009,854 0,51920 2003,94m 1,1561 5,9075 2903,21

58,0908 317,388 1.1823

126,683 104,786 2,5437 3,6739 2500,94 0,5088

1900.40 0.9787 2550.43 8.1151 1.8700 0.5404 2.3650 6.6798 81.1852

13,5625 91,6930 8246,78 302,579 32,1549 6,4214 19,553 900,340 0,8517 9,9054 31,9145 13,8059 7,8154 13,9054 14,9054 14,9054 14,9054 15,

0.1151 2.5437 98.1037 1.3353 2.9692 2.8530 10.5280 990.540 26.54080 125.079m 12.1736 0.8428

0.5988 279,640 8.7535 2.7000 5.9315 1 0.1985 1135,50 595,150 142,800

71,5500 39,1475 6300,00 3000,00 0,3108 1200,00 0,962a 3,5375 1736,50

34,7500 130,175 0,7080

75.8500 62.7500 1.5232 2.2000 1573.00 0.3047

1138.00 0.5981 1527.25 4.8595 1.4542 4.0000 38.8090

8.0052 54.9078 500.00 187.250 18.2550 3.8453 11.770 0.3903 5.9515 168.175 22.1050 0.1445 4.58015 784.780 2.7001 9.8253 11485.0

4.8565 1,5232 58.9500 1,9973 1,7900 1,7138 9.9542 583,150 21,8500 74,8000 7,2598 0,3850

0.3379 157,723 3.8105 1.5234 3.3457 0.5642 3.4981 640,657 334,569 60,5687

40,4322 22,0579 2990,38 1662,62 0,1754 677,048 1,3659 1,8659 980,901

19.6062 73.4477 0.3005

42,8007 35,4050 0,8594 1,2418 848,027 0,1719

642.057 0.3307 861.709 2,7418 0.5842 0.2154 0.8092 2.2568 20.6556

4.5165 30.3764 2827.03 102.653 2.1690 6.8407 33.456 6.2002 3.3467 83.7567 12.4721 4.6963 2.8405 3.3467 442.767 1.5234 5.4305 5.4

2.7418 0.8594 32.1316 1.1269 1.0099 0.9670 5.5182 334.869 12.3482 42.2603 4.1131 0.2172

55.0490 30.0730 4071,A4 7304,59 0,2388 921,838 0,5318 2,7178 1885,51

26,8948 100 0,5498

58.2754 48.2043 1,1701 1,6900 1154.50 0,2340

874,208 9,4502 1173,23 3,7391 9,7882 0,2946 1,1017 3,0728 28,1228

0.1496 42.1500 3840.98 14.7718 2.8539 8.0417 455.655 0.2996 4.5560 62.2560 602.850 7.5539 8.5952 4.5960 602.850 7.5939 8830.42

3,7331 1,1701 43,7488 1,5543 1,2751 1,3165 7,8468 455,656 16,8126 57,5379 5,6000 0,2957

St Christophe St Halarm St Halarm St Vincent St Vincent

Set Lanks
Sudan Rep
Surface
Surface
Sweden
Tartzen
Tartzen
Trapo Rep
Terrips Iv
Trapo Rep
Terrips Iv
Trapo Rep
Terrips Iv
Turfoy
Turfoy
Turfox
Surface
Turolit
Us E
United Kingdom
United Surface
United Surface
United Surface
United Surface
Vietnen
Venezuels
Vietnen
Vrglo is-British
Virgli is-Us

Furthermore, the dramatic likely to be quiet this week. Thursday is a public boliday in the west, and only the most fanatical traders are expected to work on Friday. US data returns to the limelight after weeks in

expect the Federal Reserve Korea would default or at will study existing home least announce a debt mora- sales data for November today, December consumer nce and Novembe leading indicators tomorrow and the December National Association of Purchasing Management survey on Fri day. Japanese, German and

24,8292 0,5642 0,9745 1241,25 1,5347 22,5407 0,2879 0,9670 1,9731 102,265 0,5642

1,5234 9,3379 1,5234 3,3457 1,5234 80,991 134,659 34,859 507,788 0,9431 79,4626 2,6503 1478,25 2,6503

84,7406

34,8577 91,0009 28,247 2,7418 4,3781 0,8092 23,2300 18,4508 26,8877 334,681 0,8640 1,56410 1,56410 0,854 0,8584

634,733 1,0690 2,0723 0,3379 0,5542 5,6336 69,4378 980,901 283,945 6936,23 0,5642 0,5642

1,5555 58,9516 3,3068 805,710 -10,4963

115.376

47.4562 128.902 308.047 3.7351 5.9603 1.1017 31.7549 25.0635 475.166 36.3357 475.166 36.3357 475.266 0.8727 157403.5 0.7662 1.1701

1,7271 2200,00 2,7200 39,9500 0,5959 1,7159 3,4970 181,250

3.6410 5.9315 7995.00 5675.50 346.491

2,7000 0,5986 2,7000 1,758,50 5,7509 583,160 81,785,9 900,000 1,8715 34,3480 187,748 4,8974 2620,00 4,8984

91.7800 181.290 401.000 4,8595 7.7596 1,4342 41,3500 32,8555 818,350 47,3000 595,150 1,5232 62,000 1,1380 204600,0 1

1125.00 1.8830 3.6729 0.5868 1 6.9650 123.015 1738.50 500.255 12292.0

0.737778

Fire Charles

(E Carth S)
pusion (FAP)
(E Carth S)
(E Carth S)
(Carth S)
(Carth S)
(CAP Pr)
(CAP P)

Charles Control of Con

(New Shilling)
(Hywne)
(Daham)
(M.S. S.
(M.S.)

(Total)

8.0003 9.8054 13351.3 8978.79m 576.623

4.5089 9.903-21 4.5069 9.903-21 9901-18 6.2038 990.540 103.136 1602,86 2.7913 57.6835 2200.197 7.8445 4375.27 8.1157 8.1157

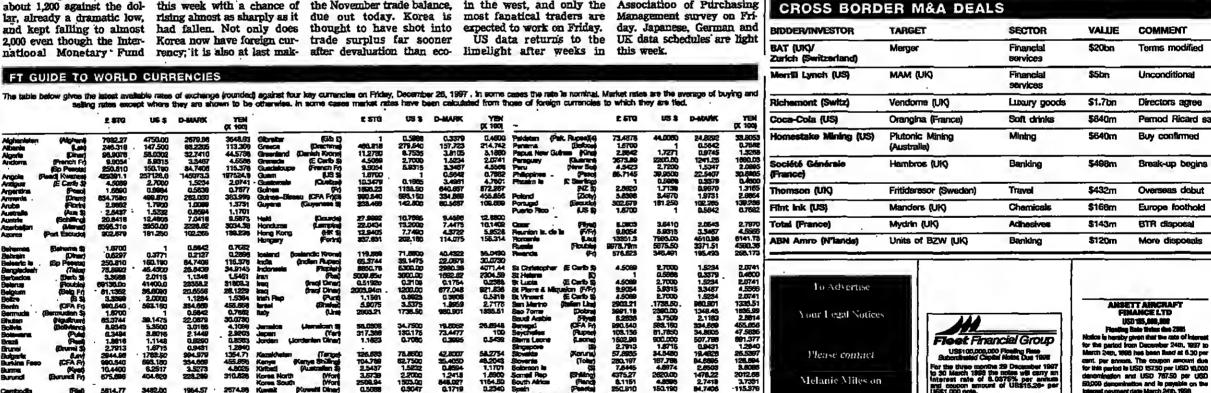
250.B10

103.170 208.348 669.860 8.113 12.8562 2.3650 69.0525 54.5468 10032.95 78.9687 390.640 2.5437 10.3637 1.8971 3.62172.8

1878.59 3.1612 0.1236 1 1.5700 16.5745 205.429 2903.21 540.4119 20527.0 1.6700

4,5041 207,0744 9,7674 2384,66 30,9777

1,4969





Teet Financial Group US\$100,000,000 Floating Rase Subscripting Capital Motor, Due 1996 For the three months 29 December 198 g 30 March 1995 the notes will carry in hterest rate of 8.0376% per annual and coupon amount of US\$15.28 of

ANSETT AIRCRAFT FINANCE LTD PSINANCE LTD

USD 185,000,000

Floating Bale Water due 2895

Hodice is hereby given that the rate of hierarch for the paried frace December 24th, 1997 in flamen 24th, 1997 in fl

NOTICE TO NOTEHOLDERS

Ranca Popolare di Brescia 7% subordinated convertible notes 1997-2003 - *UIC 109017* - Notice is hereby given that from January 1º 1998 interest relative to the period from February 7, 1997 to December 31, 1997 will be payable in the ratio of iti. 605 (gross of witholding tax) per each note of iti. 9,600 nominal value, against presentation of coupon n. 1. Payment will take place at Banca Popolare di Brescia branches, Monte Titoli S.p.A. with respect to those certificates held by Monte Titoli and at Banque Générale du Luxembourg S.A.

Brescia, December 29th 1997 Banca Popolare di Brescia

0.6886 The Financial Times plans to publish a Survey on on Wednesday March 25 1998

A see that year work

Maciej Sitnield in Warsaw Tel/Fax: +48 22 646 2052/2676

Tel: +49 69 156 85 163 Fax: +49 69 596 4481 Tel: +44 171 873 3725 Fax: +44 171 873 3934

or your usual Financia/Times representative FT Surveys

IN A CHANGING WORLD ROYAL MAIL HELPS YOUR BUSINESS BLCOME FIRST RAFF - WE ALL RESPOND TO A LETTER

(Petrace)
(Dener)
(MG Pr)
(MG

Cordobal (CFA Fr) (Nata) (Nata) (Nata) or. Kronel of Orneral



Caution reigns after crisis

hardly surprising investors than convergent, nature of should eod the year more cautious about the outlook for emerging markets than they were 12 months ago.

What seemed like a containable regional problem in ued its currency, has caused the biggest crisis of confideoce in the sector since the Mexican peso shock at the

Sbarp and unexpected reductions in liquidity around the world made have investors wary of countries that rely heavily on foreign capital inflows. This, by definition, includes most, if not

How quickly and bow recover Its poise is consequently the theme of most analysts in their forecasts

Most stress the extent to

After the recent turmoil, it is shown the divergent, rather emerging economies.

UBS, for instance, distinguiebes between sturdy economiee euffering from "general asset class angst" and those - mostly Asian -July, when Thailand deval- auffering from longer-term and more deep-seated problems. Consequeotly, reading the economic runes for next year is seen as more important than stock-picking.

"The lesson of 1997 is that emerging markets are driven ple," says Matthew Merritt, global emerging markets analyst at ING Barings.

Mr Merritt argues that the deht markets will be the most important leading indicator of equity market performance in 1998.

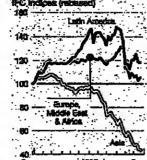
"The first sign of better times ahead will come in the deht markets," he says. "These are the most sensiwhich Asia's crisis hoe tive barometers of political

Emerging markets: IFC weekly investable price indices

		Dollar term		
	No. of	Dec 24th	% Change	% Change
Market	stocks	1997	over week	on Dec '96
Latin America	(270)	638.00	-3.1	+18.6
Argentina	(32)	1,044.01	-3.3	+9.8
Brazil	(75)	451.01	-2.4	+13.8
Chile	(50)	614.60	-3.8	-0.9
Colombia [*]	[15]	822.50	-1.5	+29.6
Mexico	(62)	738.16	-3.9	+30.0
Peru-	(24)	218.06	+0.6	+10.8
Venezuela ³	(12)	a72,63	-1.9	+19.9
Asia	(758)	104.40	-4.3	-58.7
China ⁴	(43)	52.75	-6.8	-28.4
South Korea*	[184]	20.72	-33.4	-73.2
Philippines	(49)	111,81	+1.6	-61.9
Taiwan, China	(98)	139.74	-4.2	-8.8
India ⁷	(72)	82.08	+3.9	+4.2
Indonesia"	(61)	31.94	+4.8	-75.0
Malaysia	[157]	88.03	-3.6	-73.9
Pakistan*	(24)	241.74	+1.2	+23.5
Srt Lanka ¹⁰	(5)	114.00	-0.2	+19.8
Thailand	(65)	47.14	-4.0	-78.7
Euro/Mid East	(396)	141.82	-0.0	+5.6
Czech Rep	(6)	55.27	+1.3	-21.2
Egypt	(28)	91.76	+0.1	
Graece	(54)	327.09	-2.8	+35.0
Hungary	[13]	295.94	+0.3	+50.4
Israel	(46)	115 <i>.</i> 47	-2.3	+15.5
Jordan	(6)	208.92	-1.3	+11.9
Maracca	[11]	131,37	-0.3	-
Poland ^e	(29)	556.36	-3.8	-24.0
Portugal	(23)	209.67	+0.6	+43.5
Russia	(30)	135,95	-2.3	_
Slovakia	(5)	100.16	+4.2	-
South Africa ^{ta}	(77)	177.23	-1.6	-15.0
Turkey4	(56)	278.82	+3.4	+87,5
Zimbabwe ¹⁵	(10)	232.63	-6.7	-50.9
Composite	(1,424)	234.83	-2,6	-20.4

Factor Blair date: Dec 1982+100 manage: those moud which use: (1)Feb 1 1991; (2)Dec 31 199 (1)Jun 3 1990, (4)Dec 31 1992; (5)Jun 3 1992; (5)Jun 4 1991; (FNN+6 1992; (6)Sep 28 1992; (6)He 1 1591; (12) Dec 31 1500; (11)One 31 1990; (12)Dec 31 1992; (13)One 31 1992; (14)One 31 1992;

Emerging markets



and economic developments.

In Asia, the signals coming from the fixed income markets are almost uniformly oegative. Rating agencies continue to downgrade regional sovereign and corporate deht, and investors ir the real prospect of defaults and moratoriums in countries such as Korea and

Uocertainty also surrounds the future of the Japanese economy, seen as crucial to the bealth of the Asian regioo. As the year draws to a close, the growing perception is that the government's latest rescue package, announced two weeks ago, is yet more work in progress rather than the fin-

Although analysts believe the question when to huy back into Asia is perhaps the important one for next year. they argue that it is still too early for an answer.

"At the moment we have no idea of the damage that will be done and we do not know how long interest rates will be kept high to defend currencies." says Charles Brock at Foreign & Colonial. is oot possible to identify a sustainable earnings base for corporates in Asia, "We are

of downgrades," be says. Elsewbere, in the more sturdy world, aoalysts believe the principal markets to watch will be Russia and Brazil, both large economies that were hit heavily wheo the Asian problems arose in October.

still going through the phase

"The issues for Brazil and Russia are two-fold," says Mr Merritt. "On the one. hand, they face economic contagion from Asia because currency devaluations have made Asian exports more competitive. Around 40 per cent of Latin American exports compete with those

The other problem is financial contagion, which bappened because investors drew parallels between Asia and these countries. In both Brazil and Russia, this forced policy responses where interest rates were raised and fiscal policy tightened - measures that are clearly going to have oegative implications for eco-

nomic growth oext year. In both cases, the debt markets show that investors remaio extremely wary about the outlook. Another factor in the per

formance of emerging markets oext year is the impact of Asia's problems on the world's developed ecoop mies. Latin American growth, for example, is clearly linked to the health of the US ecocomy.

In recent weeks, a string of large US companies have reported falling earnings as a result of their Asian exposure. The economic conse quences of this can still only be guessed at, but ING Barings has shaved its US GDP growth forecast by 0.8 per-centage points next year to account for the Asian effect.

well next year so long as the US bolds up," says Mr Mer-ritt. "The same is true for emerging Europe as regards the developed European ecocomies. These seem to have been less affected than the US but there is still

One of this year'e lessons has been that despite rising investor sophistication. there is still a tendency to treat emerging markets as a single asset class in times of uncertainty. The exteot to which this trend is likely to be reversed will become apparent in the first quarter of 1998, as investors make their initial fund allocations

Promise of recovery after Asian turmoil

refused to settle on the banking crisis in Asia, it is possible to discern the outlines of a recovery in the international bond markets.

Yield spreads on many Asian bonds have hit record levels in the last two weeks, with issues from countries such as Korea widening out to more than 1,000 basis points over Treasuries.

Similarly - although to a lesser extent - non-Asian emerging market horrowers have seen spreads widen by 50 to 150 per cent since the crisis hit the global markets in late October.

In spite of this there are signs the bond markets will return steadily to form in the first quarter of 1998.

"What a lot of people have overlooked is that the Asian crisis is ultimately good for bonds because it will have a disinflationary impact on the world economy," said Paul Richards, at Merrill Lynch in London. "interest rates are likely to remain low, which will help stimulate primary activity in the bond mar-

Syndicate officials identify several broad treods in favour of a lively issuance market in 1998 - although most warn that the first few weeks are likely to be quiescent owing to uncertainty about events in Jepan and

First, interest rates in the US are likely to remain low for the next couple of quarters at least. Alan Greenspan, chairman of the US Federal Reserve, has pointedly referred to the disinflationary impact of the tur-

moil in east Asia. The continuation of low short-term interest rates in the US should keep the Treasury yield curve flat with the long-bond remaining at or below 6 per cent. Investors will therefore maintain low cash positions and will resume the epic hunt for

halted by the Asian crisis in

the fourth quarter.

By the same token, borrowers will take edvantage of low borrowing costs to resume funding pro-

"With corporate expansion picking up in Europe and continuing in the US, funding programmes are if any thing likely to be stepped up in 1998," said a syndicate head at a US investment bank in Londo

Bankers also point out that when the issuance market does recover, it is likely to do so with a bang. "A lot of borrowers had to

postpone offerings because of the turmoil, so there is a large volume of pent-up supply oot there waiting for the right moment," said one. When they come, primary

offerings are likely to be met with robust investor demand. The level of retailbond redemptions in the eurobond market is high in December and January, so plenty of Swiss and Belgian retail buyers will be hoping to recycle their investments

Second, restructuring in the European corporate sector is likely to gather pace. Many US investment banks have placed high stakes on the emergence of a highvield corporate market in Europe. Although the market remains tiny - with less than \$2bn in junk bond issuance to date - analysts are confident credit plays are

the wave of the future. "It may take a few years to reach the depth and liquidity of the high-vield market in the US, but Europe will take off over the next 18 months,"

said one syndicate head. Bond analysts also expect tha investment grade corporate sector in Europe to become more mainstream over the next 12 months. Triple A-rated credits such as Nestlé, the Swiss multinational, and Abbey National,

the UK bank, have long been stalwarts of the market. With an escalation of crossborder merger and acquisition expected in the countdown to European monetary union single-A and triple-B borrowers are expected to come more prolific.

In addition, many regular domestic borrowers, such as German pfandhrief issuers and Dutch banks, are expected to accelerate the internationalisation of thair debt profiles to establish a broad European investor base in advance of European monetary union.

This should also motivate municipalities across the single currency zone. "We are expecting an explosion of European bank and local government borrowing before 1999. After all, these entities will no longer bave a domestic bond market after Emu," one analyst said.

Third, supranational and multinational borrowers such as the World Bank and General Motors will spot opportunities to fill the gaps vernments are vacating.

Public-sector deficits in continental Europe and in the Anglo-Saxon economies are in long-term retreat. The US and Australia have both reduced the frequeocy of

public bond auctions to signal their reduced funding requirements. Large borrow-National Mortgage Association, are planning jumbo bond issues that will act as "surrogates" for government yield curves.

Last, and perhaps most counter-intuitively. Asian tions are likely for the first time to become mainstream borrowers in the international bond markets. With emergency International Monetary Fund programmes in place in South Korea, Indonesia and Thailand. Asian governments will need long-term capital to refinance short-term borrowings.

Many will be studying the debt management strategies of countries such as Mexico and Brazil, which have beeo through this mill before. "In 1998 we will see the Latin Americanisation of Asia'e debt profile," said one syndi-

Meanwhile, Latin America and eastern Europe will no doubt resume 1997's hectic borrowing programmes once conditions allow in 1998. Larger sovereigns, such as Argentina and Brazil, are already seeking mandates for benchmark deals.

Royal Commission on Long Term Care for the Elderly

Call for Evidence

A Royal Commission has been established to consider the fuoding of long-term care for elderly people. The Commission, to be chaired hy Professor Sir Stewart Sutherland, will carry out its work in about 12 months. It will have the following terms of reference:

To examine the short and long term options for a sustainable system of funding of long-term care for elderly people, both in their own homes and in other settings and, within 12 months, to recommend how, and in what circumstances, the cost of such care should be apportioned hetween public funds and individuals, having regard to:

- the number of people likely 10 require various kinds of long-term care both in the present and through the first half of the next century, and their likely income and capital over their life-time:
- · the expectations of elderly people for dignity and security in the way in which their longterm care needs are met, taking account of the need for this to be secured in the most cost-effective manner.
- the strengths and weaknesses of the current
- · fair and efficient ways for individuals to make any contribution required of them;
- · constraints on public funds, and
- · earlier work done by various hodies oo this issue.

CITICORP

Notice is hereiny given that the Rate of Interest for the period December 79, 1997 to Sure 29, 1998 has been load a 6.0% and that the interest psycholo or the referent interest powers Dot June 29, 1998 against Caupen No. 10 in respect of US\$5,000 naminal of the Notes will be

US\$151 67 and in respect of US\$100,000 naminal of

Discriber N. 1901, London By Obsert, N.A. Korporate Agency & Frest, Agent Bork

1553 033 40

U.S. \$150,000,000 ated Floating Rate Notes Due June 2005

CITIBANCO

lo carrying out its remit, the Royal Commission should also have regard to:

- · the deliberations of the Government's comprehensive spending review, including the review of pensions:
- · the implications of their recommendations for younger people who by reason of illness or disability have long-term care oeeds.

The Commission's recommendations should

The Commission is asked to give opportunity to all interests likely to he affected by its recommendations to give their views oo issues within the terms of reference, and in particular to users and carers."

Written evidence from interested organisations or from individuals is sought by the Commission. The Commission will consider this written evidence, and will decide what further oral evidence is required in the light of the evidence it has received. Written evidence should be sent to:

The Secretary, Royal Commission on Long Term Care for the Elderly, 7th Floor, St Catherines House, 10 Kingsway, Loodon WC2B 6JP.

All other correspondence relating to the Commission and its work should be addressed to The Secretary at the above address, Evidence will be regarded as publishable, unless those who submit it indicate otherwise. However, evidence relation to particular iodividuals and their circumstances will be treated as confidential.

Appointments Advertising

appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday.

For further Information clease contact: **Toby Finden-Crofts** +44 0171 873 4027

General Motors Corporation Further to the DIVIDEND DECLARATION 10th December 1997. Notice is now given that the following distribution will become

payable on or after 19th December 1997 against presentation to the listing Bearer Depository Receipts. Gross Describación Per Unit 2.59 Conto Less 15% US Wattholding Tax 0.375 Conto 2.125 Com

Convented at 1.6895 12725 Percella Barclays Bank PLC BGSS Depository Services, 8 Angel Court, Landon EC2R JHT

BAWAG

BANK FÜR ARBEIT UND WIRTSCHAFT A.G. roted with limited liability in Austria)

In accordance with the terms and co ntioned Notes natice is hereby given that the Rate of Interest has been found at 6.25% per annum and that the interest payable on the relevant Interest Payment Date June 29, 1998, against Coupon No. 27 in respect of U.S.\$10,000 nominal of the Notes Coupon No. 27 in respect of U.S.\$10,000 nomi will be U.S.\$31 5.97.

December 29, 1997, London

By: Calbonk, N.A. (tasuer Services), Agent Bank CITIBANG

U.S. \$750,000,000



Hidland Bank pic Undated Floating Rate Primery Capital Notes

Notice is hereby given that for the aux months interest Period from December 29, 1997 to June 29, 1995 (182 days) the Note Rate has been determined at \$175%, not ed at 6.1875% p been determined at 5.1875% per armum. The interest payable on the relevant interest payment date, June 28, 1998 will be U.S. \$312.81 per U.S. \$10,000 nominal amount. By: The Class Manhottes Book Landon, Agent Bank December 29, 1997 OCHASE

¥20,000,000,000 Floating rate notes due 2005

relevant interest payment dat 29 June 1997 will amount to Yen3,288 per Yen1,000,000 Agent: Morgan Guaranty

EUROFIMA

Native is hereby given that for the interest period to 29 December 1997 to 29 ham 1998 the notes will carry an interest rate of 0.65047 % per anum, Interest payable on the relevant interest payable.

JPMorgan

FLEMING GUARANTEED FUND Soviée d'Investissement à Capital Variable European Bank & Business Centre, 6, voute de Trèves L-2633 Senningerberg, R.G. Luxembourg B 51433

Information tors in the subfund USD Pacific Guarantee & are informed

brestors in the subtuped USD Facility organization that the weighted average participation rate for the investment of some seriod commencing 12/01/98 will be a minimum of 80 %. The above participation rate will be definitively calculated on or about 12/01/98 on a basket of indices as defined in the Prospectus with the exclusion of the SET Index (Thailand), as determined by the Directors of the Company in the interest of investors.

By Order of the Board of Directors, December 1997

FLEMINGS

The Financial Times plans to publish a Survey on

Sweden

 \circ on Tuesday February 17 1998

For further information, please contact:

Felicia Kay

Tel: +44 171 873 4199 Fax: +44 171 873 3204

Bradley Johnson

Tel: +46 8 791 2345 Fax: +46 8 791 7960

or your usual Financial Times representative FT Surveys

The Financial Times plans to publish a Survey on

Poland

оп Wednesday March 25 1998

For further information please contact:

Maciej Sitnicki in Warsaw Tel/Fax: +48 22 646 2052/2676

or Annette Ebert in Frankfurt

Tel: +49 69 156 85 163 Fax: +49 69 596 4481

or Ewa Placzek-Neves in London Tel: +44 171 873 3725 Fax: +44 171 873 3934 or your usual Financial Times representative

FT Surveys

Les Echos

The FT can help you reach additional business

readers to France. Our link with the French

capitatise on the FT's European readership

and to larget the French business world.

For information on rates and further details

pleasa telephone:

Toby Finden-Crofts on +44 171 873 4027

business newspaper, Les Echos, gives you a unique recruitment advartising opportunity to

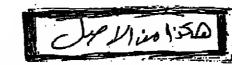
See Shire Walley **建新坡** 一种坡 A Section Control Andrews and the second But the state distance beautiful.

Dan ets pr Send to select the select

Agric on the same of the same We would specify the second -4-49-F. G. ... Anthore des AND THE PARTY IN

The same of the sa Maria de la como Statement of the The State of the second Bright ... -Applied Allegan as the .4×8 = 1, مريا ينعمه الأهاة الم المستقول و

And the second s



No beautiful and the second	CURRENCIES AND MONEY	
bond yields	POUND SPOT FORWARD AGAINST THE POUND Dec 26 Closing Change Bid/offer Day's Mild One anough Three months One year Bank of Dec 26 Closing Change Bid/offer Day's mild One month Three ano	WORLD INTEREST RATES
	Empty Austria	Sept
	CROSS RATES AND DERIVATIVES EXCHANGE CROSS RATES EXCHANGE CRO	Three Sax One months year short term rates are call for the US Dotar and Yea, others, two depth notes. 3. 7, 1, 7, 1, 7, 7, 7, 7, 7, 7, 7, 7, 7, 7, 7, 7, 7,
The state of the s	Open Sati price Change High Low Est.vol Open Int.	decount 7.054% 6.9821% 17.1299% 7.1058% FINANCIAL TIMES 17.1299% 7.1058% 18.000 \$100m
	Open Selipide Change High Low. Est.vol Open Int. PHELADELPHIA SE D-MARKU'S OPTIONS DM62,500 (S per DM) Open Selipide Change High Low. Est.vol Open Int. Ope	E to WORLD CURRENCIES Suide to World Currencies to be found on the Markets today's edition. Unique recruitment advertising opportunity to capitallise on the FT's European readership and to target the French business world. For information on rates and further details please telephone; Toby Finden-Crofts on +44 171 873 4027
k sijes i i	OTHER STATISTICS All Future	es, Options FUTURES DEDVET EN ELETTIMES TARRED
ANK FUR ARBEIT UND WIRTSTHAFT A.G.		OPTIONS Allan 137 3979 Same Allan 138 308 Same Allan 138 3
Politic	Winter Prior Winter Prior Winter Prior Winter Prior Winter Winte	OINT 737 0338 with this new scientific approach. OFFSHORE COMPANIES For 104 50 lact. PAP Established in 1975 OCPAN ray 20 offices world with any 750 ready-small conscious companies any animals. For 100 map FREE coults working small finearchistors. For 100 map FREE coults working small finearchistors. For 100 map FREE coults working small finearchistors. For 100 map FREE coults with this new scientific approach. OFFSHORE COMPANIES Established in 1975 OCPAN ray 20 offices working working small fine free and 1970 consupers any animals. For 100 map FREE coults work a 1500 office ray 2 office and 1970 office and 1970 office ray 2 office ray 2 office and 1970 office ray 2 office ray 2 office ray 3 office ray 2 office ray 3 office ra

ALCOHOLIC BEVERAGES

100 be 10 Seamless solutions for electronic business **Net** Experience

Net Gain for Business

Net Expertise

Not Compared to the Compared t

FINANCIAL TIMES MONDAY DECEMBER 29 1997

2

LONDON SHARE SERVICE FT Auto For further information please contact: James Burton
Tel: +44.171.873 3062
or email: james hytron@ft.com
or your usual Financial Times representative
Service of the company of t **James Burton** Tel: +44 171 873 4677 TRADED INDEX SECURITIES

Offshore Funds FT MANAGED FUNDS SERVICE ● FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 873 4378. **OFFSHORE** AND OVERSEAS BERMUDA (FSA RECOGNISED) 945075 7.3476 57.885 8.0800 5.61 4929 4.30 3024 0171 236 7100 9171 929 8015 BERMUDA (REGULATED)("") (REGULATED)(**) et LM d) Lid Art Bragon Koron Fund Pic 35310071800 Druminer Relativest Berr 45725 Al Mann Commodity Fund Pic National Co The Impact of International Money Laundering Legislation **JERSEY** Locabard Odler (Jersey) Ltd (FSA RECOGNISED) | Mail Release Strilling | Mail City | Charles | Mail Release | Mail City | Charles | Ma EU Legislation To order or for more inform FT Finance today on Tel +44 (0)171 896 2279. Pax +44 (0)171 896 2274. For a brochare please mail this form to
FT Finance, Pearson Professional, Maple House,
149 Tottenham Count Road, London WIP 9LL
Finance | Secretary | Secr | All Jun. Generation 9, 10 (1944); | 1949 |
| Securit Securit Security Sec The bases have plant to the continuence of the cont Good Propriessor 5-54 | 125 Steel Could Propriessor 5-54 | 125 Steel Could Ste er Minimert Berech Lik aus Drugter RCM Grand

The survey of the same of the Real

The second secon

THE PERSON OF TH

FINANCIAL TIMES MONDAY DECEMBER 29 1997 Offshore Funds and Insurances. FT MANAGED FUNDS SERVICE FT Cityline Unit Trust Prices: dial 0891 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times, international access available by subscription only. For more details call the FT Cityline Help Desk on (+44 171) 873 4378. | Comparation | ber mana Sauther Stephon That Con-Carron Prince Prince Service Line 35.00 35.00 35.75 | Count Value France | Count Value | 13.00 10.00 Bangias Indicatorz 39 Alles Schaffer, L-2520 Luministicing 55 Alles Schaffer, L-2520 Luministicing 572.77 | Section | Communication | Co | 4075 | Informational and Regional France | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 - #34 hermatelet distrat
hermatelet gibber
hermatelet gibber | PRICEIA | Workholde | two Portfolio Sizere (rp) | College | Coll \$21.05 0.00 48144 - 48148 1.17 48158 0.00 4657 0.85 48168 Irish Life Internst Lune Almoy Street, I - 45787 | Homest Fee, P.O. Doc 277, 22 Prings Feet, Gay 15-411 72 7088 | Homest Fee, P.O. Doc 277, 22 Prings Feet, Gay 15-411 72 7088 | Homest | Communication | Inform | Lunearshouse | S.A. | product | product | S.A. 17.450 17.74 17.74 10.50 | STR TU | S S LOJA, 600 44 1604 63688 Kleinwort Benson Japanese Werran 14 ne Aldriger Lournburg 05 2 Nat 51,222 Kleinwort Benson Select Fund (u)

FINANCIAL TIMES MONDAY DECEMBER 20 1907 22 Offshore Insurances and Other Funds FT MANAGED FUNDS SERVICE FT Cityline Unit Trust Prices: dial 0991 430010 and key in a 5 digit code listed below. Calls are charged at 50p per minute at all times. International access available by substitute. ion only. For more details call the FT Cityline Help Deak on (+44 171) 873 4378. Confort Strategic Fund
May Door A Door 16 Strate
May Door A Door 18 Strate
May Door A Door 18 Strate
May Door 10 Door 18 Strate
May Door Burne Indexagedous D'Androna Buscus Moca Audica Aud Management Department Library
Management Library
Management Library
Management Library
Management Library
Management Management
Management Management
Management Management
Malagement Management
Malagement
Mala Handle Plantin Equity ...

43517 History Ramet Houseparts ...

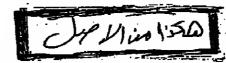
43518 History Ramet Houseparts ...

43518 History Ramet Houseparts ...

43519 History Ramet Houseparts ...

43519 History Ramet ... ### 0.1101 - 0.0175
0.1101 - 0.0175
0.1101 - 0.0175
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.1101 - 0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.0177
0.017 Metal Land Service Community of the Comm | Color | Colo Activated Grants

Activated Gr The Financial Times plans to publish a Survey on = 37338 Latin American - 54182 - 54163 0.651 Fe: 44 (A) 1824 823918 | Comparison | Com



Sheladd
Beaklas
Comition
Comiti **Rockwell Automation** provides 500,000 products, for more choices than any other automation supplier. 🥬 Rockwell - 22.50 111 13 14 14.7 | Perchart | 150 230 1.1 20.3 | Perchart | 150 24 1.1 20.3 | Perchart | 150 25 1.1 20.3 | Perchart | 150 FT/S&P ACTUARIES WORLD INDICES US %chg Dollar since Index 31/12/96 Yen Index In DM Index

181.25
172.03
231.92
209.91
190.26
407.82
252.89
214.97
209.05
315.57
61.93
357.64
106.34
85.19
146.17
1586.13
368.753
287.32
287.32
282.36
371.30
37.95
172.23
382.36
371.37
352.38
320.20
262.36
371.37
352.38 of stook

Australia (74)

Australia (74)

Austria (23)

Belglum (26)

Brazil (30)

Cornada (122)

Denmark (32)

Frintand (28)

France (53)

Germanny (55)

Hong Kong, China (65)

Indonesia (27)

Ireland (16)

Ibthy (53)

Japan (481)

Mesico (26)

Netherlands (19)

New Zoeland (14)

Norvety (38)

Philippines (22)

Singspore (42)

South Africe (43)

Spain (33)196.70186.69251.6927.81208.60442.37274.45233.30226.89 196.60 174.56
186.85 165.91
251.58 222.38
222.08 197.17
206.50 183.35
442.35 392.77
274.44 243.68
233.31 207.16
226.88 201.46
342.38 304.01
61.95 55.00
388.30 344.78
115.27 102.35
92.04 91.72
157.74 140.06
1689.50 1500.14
400.05 355.21
73.39 69.51
27.99 202.44
263.24 233.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74
268.62 238.74 181,88 153,82 207,10 187,45 169,92 255,83 191,97 186,89 251,80 191,37 190,53 1416,41 329,26 60,30 256,57 64,50 186,00 216,48 220,55 15,25 270,73 314,68 199.28 172.05 227.28 487.48 214.62 406.33 309.30 217.07 208.06 340.71 218.51 378.82 149.83 76.07 15328.20 384.77 308.52 15328.20 394.77 308.52 154.93 279.43 304.97 279.43 304.97 279.43 304.97 279.43 304.97 279.43 304.97 279.43 304.97 279.43 304.97 279.43 304.97 279.43 304.97 279.43 304.97 279.43 304.97 279.43 174.63 165.74 223.24 183.82 392.72 248.85 207.42 201.48 82.08 140.82 1528.16 355.26 276.82 88.09 88.09 88.00 8 284, 19 318,84 233,81 262,38 330,80 371,22 84,08 94,36 146,53 164,43 303,95 340,75, 209,20 234,77 159,80 179,33 149,57 157,85 195,70 219,81 285,21 297,62 347.50 25.7

347.50 25.7

347.50 25.7

347.50 25.8

402.96 11.1

102.80 30.9

178.67 42.58

254.73 20.4

184.89 38.2

182.45 -3.2

239.10 9.3

333.84 18.3 308.50 252.77 357.73 91.26 158.82 329.57 228.14 173.01 161.98 212.27 287.50 285.94 254.29 331.57 84.59 147.02 305.47 209.61 180.96 150.13 196.74 268.48 293.37 285.75 404.41 85.52 153.28 371.15 244.84 195.60 159.89 217.33 316.67 307.24 252.83 357.71 90.83 158.45 328.35 226.22 172.80 181.74 211.62 286.79 26.2 30.0 26.8 -21.9 5.5 26.1 36.6 -28.1 6.0 15.0 23.1 1.63 2.42 1.86 1.73 2.19 1.63 1.86 4.00 2.17 1.71 2.00 348.03 284.75 402.87 102.41 178.45 369.80 254.78 194.62 182.19 238.34 322.99

Magn. Lane Stands.

17th 19th Service Made 1
4414 78th Service Total
1419 91th Service Total
1419 91th Service
1419 91th Service
1419 91th Service
1419 91th Lepton

001 024 035

- T -

statement behinden mitte mitteren

- P - Q -

181 2 32 0.24 0.2 38 0.40 1.4 17 0.40 1.4 10 0.40 1.4 10 0.40 1.4 10 0.40 2.9 12 0.65 2.9 12 0.95 2.9

- R -

0.00 1.2 12 12 15 461, 24 461,

- 5 -

张门,对范蠡是不是有一个位于自己的是不是不是有一个的,是不是一个的,我们的是一个的,我们也是一个的,我们也是一个的,我们是一个的,我们也是一个的,我们也是一个的, 1997年,我们就是不是有一个的,我们就是一个的,我们就是一个的,我们也是一个的,我们也是一个的,我们也是一个的,我们也是一个的,我们也是一个的,我们也是一个的

estin departures estates estates estates estates

7

多克林林林 山山 山山 的名称中部

9 USS 25/2 USS 55/2 USS 55/2 USS 55/2 USS 57/2 U

15 (COMMAND 14, LANDING PART 14, LANDING PART 16, LANDING

STATE OF THE PROPERTY OF THE PARTY OF THE PA

PROPERTY P

的心态的,那是一个人,我们是是一个人,我们是是一个人,我们是是一个人,我们们是是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就是一个人,我们就会 我们是我们是是一个人,我们是是一个人,我们是是一个人,我们是是一个人,我们们是一个人,我们就是一个人,我们是一个人,我们就是一个人,我们就是一个人,我们就是一个人

THE PROPERTY OF

YORK STOCK EXCHANGE PRICES

291, 202, M.M.R. (No. 221, M.M. (No. 221, M.M.R. (No. 221, M.M. (No. 221, M.M.R. (No. 221, M.

24. A Com24. List of E To
24. List of E To
25. List of

- M -

SOME STATE OF THE STATE OF THE

。 《新年》是1915年,1915

the termitate except attracts to

をいる。 1900年 1900年

1953年165日中华15年165日 1953年165日 1951年165日 1951年 1951年

A Robust Lee Robust Lee 150 Robust Lee 151 Robust Lee 151 Robust Lee 152 Robust Lee 153 Robust Lee 154 Robust Lee 155 Robust Lee 156 Robust Lee 156 Robust Lee 157 Robust Lee 158 Robust Lee 158 Robust Lee 159 Robust Lee 150 Robust Lee 150

おかととなることとはなるなななるなななな おかれなななななると お本

大子子 十十十十十

是它是不可能的,我也是这个"这里"的点点,可是是一个人的是是这个人的意思。 是它是不可能的对方,我们就是这种人的一个人的是是一个人的是是这种人的人的人们是是一个人们的一个人们们是这种人们们是这种人们的

小孩子如此不好不好 子好好你

不是对于自己的人,可是对一定的一种不是有一个,但是我们的人,也是是一个人,我们也是是我们的人,我们也是是一个人,我们也是是一个人,我们也是一个人,我们也是一个人,我们也是一个人,我们也是一个人,我们也是

ئ بالمامانية با با با با با بايام بالمامان بالمامان بالمامانية بالمامانية بالمامانية بالمامانية بالمامانية بالمامانية

- A 0.49 12 30 1
1.54 26 30 1
1.50 54 14 1
1.50 17 94 1
0.40 3.1 8
0.40 10 20
0.50 1.5 11
0.50 5.7 0
0.50 0.50 0.50 to becateré satist

site set ciristitis selicitisticitist titul t to take the artitles for Adelesedants to textiste.

241 CHITY B 241 CH

| The content of the the second this test is the state of the second in - D

Section 18

Thirtitation to the

1.12 22 19 1.12 21 20 0.76 21 25 0.50 1.8 19 0.40 2.0 16 4.20 7.2 14 0.02 0.1 14 0.02 0.1 15 0.55 1.3 14 1.00 6.8 26 1.8 8

. C -

To Stand Sta

The Beaton of Th

- F -

- G -

0.11 0.7 309 53 529 0.34 0.9 12 914 0.05 0.1 60 1809 0.44 1.9 14 34

described deducated traduct see t sk

titestati ittitita seriti ielis

bodd that treated which she shirt by 120

中中の大学の大学の大学の大学の大学の大学の大学の大学の大学

77. MCM. Rep. 17. MCM. Rep. 17

71-9 0714 SET 155 SET 18 SET 1

225, D7, 1865, 55, 225, D8, 1865, D8 title birkeldeddedd

2-17 (1984) April 1984 April 1984

BE

- E 0.56 2.8 32 0.20 0.4 15 1.86 5.3 15 1.96 3.8 17 1.76 3.1 38 1.76 3.1 38 1.76 2.9 2.9 0.76 1.4 3 0.76 1.4 16 0.20 1.4 2 0.20 1.4 3 1.93 1.8 2 0.90 1.4 3 1.93 1.8 2 0.90 1.4 3 1.93 1.8 2 はのはのかながらのがはできたものではあるからはではられるはながらある。 3 BCC and 18 BCC and 1 0.60 0.6 110 22 0.47 6.6 1.60 65 0.77 11 0.37 22 0.40 22 0.40 22 0.40 22 0.40 24 0.40 24 0.40 24 0.40 24 FINANCIAL TIMES

落者 北

22 BF 101 Corp
46, 23 Resistant x
224 334 Resistant x
224 344 Resi -0-不過源 法教会理報与者在法律的不及

李子子等

7.35年代,1965年代,19

301, 101, WASS and STATE CONTROL OF THE STATE CONTR

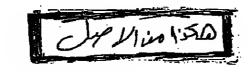
- W ALL STATES OF THE SECOND OF TH

CALLERY OR SERVICE STREET STREET 1442000 B 2 359500600

,这是这个人,我们也是有一个时间,我们是这个人的,我们就是这个人的,我们就是这个人的,我们也不是一个人的,我们也是一个人的,我们也是一个人的,我们也是一个人的, 一个人的,我们也是一个人的,我们是一个人的,我们就可以不知识的,我们就是一个人的,我们是一个人的,我们也是一个人的,我们就是一个人的,我们也是一个人的人的人的, - U -PRODUCTION OF THE PRODUCT OF THE PROPERTY OF T

ETT Free Annual Reports Service You can obtain the current amost reports and it mediate quarterly reports of any companies on the Us exchanges with a. & symbol. To order reports ring determinational Access 1:804-220-8097 of 989 size atomics of the Companies whose reports you want and fact your request to determine Access reports you want and fact your request to determine Access reports you want on the your request to determine Access actions of acceleration. You can also order collect of the acceleration of accelerations.

atthew 150



FINANCIAL TIMES MONDAY DECEMBER 29 1997 ★				2
US INDICES US DATA	GLOBAL EQU	ITY MARKETS	FRANCE	4-22-20-2
Dew Jersen Dec Dec 1997 Since completion	61 Rises 1,444 1,226 1,371 Fats 1,209 1,425 1,540 7,900 — A Unchanged 546 615 536 7,900 — New Harts 60 114 163	Dac Dec Dec 26 25 24 Hilder 225 14802-50 1500, 10 14824-58 25 H YON'YO TRADBING ACTIVITY M ACTIVE STUGIES H Friday Stacks Chase Day's Pade trader 50,257,000 70 +15 Uph Toppole 50,257,000 70 +15 Uph Toppole 7,498,000 1	1997 Since completion Dec Dec	Y Volume : 117,046, III SIGGEST MOVERS By's Close Day's 0 grose Shares chi- strain Grass 11,75 + 11,
DJ Ind. Doy's high 7743.36 (7787.75) Low 7838.72 (7824.25) (Theoreticals) Doy's high 7717.23 (740.35) Low 7858.14 (7820.13) (Actuals) Standard and Peors Composite: \$28.46 \$82.70 \$39.12 \$983.79 737.01 \$83.79 4.40 \$21.00	price clarge claps % Ups Calmany Gat 26% +2% +10.5 7.800 1 1 1 1 1 1 1 1 1	Color Credit Colo	M Foods 108	Portein
1511.38 1499.53 1509.51 1745.25 1201.00 1745.25 5427 123.35 124.00 1745.25 5427 124.00 1745.25 5427 124.00 1745.25 5427 124.00 1745.25 124.00 1745.25 5427 123.35 124.00	Bridgest Moveres Day's Day's Day	Toes 23 Sincis Close Day's Task readed price champs the p	Wolume : 10,814,219 III LONDON TRADUNG ACTIV BIGGEST MOVERS III ACTIVE STROKS	West
INDEX FUTURES Open Sett price Change High Low Est. vol. Open Int.	Alti Collei 214 -24 -8.9 Open Sett Price Change	Despier Boz 200,193 120,5 +7.2 Set High Low Est. vol. Open int.	134 -9 -6.3 BAT has 2,356,652 S37 Open Sett Price Change High	Welce Esp 55 -5') - Low Est. vol. Open a
Mer 948.00 945.90 +3.70 950.50 943.20 38.274 382.807 dun 957.30 955.90 +3.80 980.00 953.50 264 8.392 ### Mark 15300.0 14750.0 - 15450.0 14720.0 25,781 165,887 dun 15180.0 14770.0 - 15180.0 14770.0 5 30,649 WORLD MARKETS AT A GLANCE	E CAC-40 (200 x index) Dec 2865.0 2872.0 -4.0 Jan 2880.0 2878.5 -4.0 E DAX Mar 4180.0 4170.0 - Jan 4195.0 4196.0 -	2872.0 2870.0 42 22,802 Dec 2879.0 2876.0 40 29,506 Jan	2289.00 2270.00 - 2301.25 2077EX 7 6030.0 6051.0 +1.0 5055.0	2768.75 1,903 10,78 2264.00 5,374 20,43 8027.6 937 19,54
Country Index Dec Dec Dec 1997	Country Index Dec Dec Dec Dec 26 24 22	1997 1987 7 Yaid 7 PFE Coordinates 1997 1997 1997 1997 1997 1997 1997 199	PSI 20 (c) 8570,10 8670,10 2312	1997 4 Yeld 4 P.E. 1969-800 23/12 162 103 2368-57 27 135 27.3 5192-34 27 213-96 67) 82 76
Traded Index (c) (c) 1282.20 1480.40 31/7 1730.22 0/1	Ireland SEO Overall 61 3898.23 3800.82	262.96 26/9 196274 2/1 1.86 20.9	Similes Times 1582.52 1572.93 1536.31 2271.88 201 is Exmited black, emelog early advance, on beautiful assessment of cultook in New Year.	200.70 2810 236 144 1497.20 2810 236 144 1497.20 2810 23 24 25 25 26 26 26 26 26 26 26 26 26 26 26 26 26
Composite 61 6690.50 6593.10 7200.60 7710 5670.30 144	Japan Albitril 225 1-4902.60 1-4824.96 421 Helval 300 229.84 228.23 43 Topix 1143.99 1134.59 43 2nd Senion 1187.22 1160.55 64 Jordan Agencen SE 43 168.15 167.89 Materiala ICSE Comp. 560.96 550.36 550.31	303.71 29/7 227.05 22/12 5cphin 1500.25 26/6 1130.00 22/12 Spain 1846.25 30/6 1160.95 24/12 Broad Sd La	Notes KoresCrueEx* 375.15 361.45 366.36 792.29 17/6	388.86 12/12 3.32 9.8 434.54 21 2.34 21 606.70 2/1 m eq. 2878.50 2/1 1.87 20.7
Starres ended higher; Lieyein Bank, of the UK, Increased its controlling states in Banco Anglo Colembiano, leach Regulatio PX 50 (4) (4) 488.0 828.00 2572 468.00 1/12 na na lamentrik CuptohageuSE (4) (5) 659.06 685.10 17/12 470.14 2/1 1.29 21.1 ggpt Cairo SE Gen. 354.24 389.6 282.54 na na	December from local hands sent blue chips higher. Pharactels recovered him blackers IPC 5034.01 4652.09 4525.60 Shares moved higher thanks to some percent polithing of porthales. Minmonen CHSA 666.06 666.34 666.48 Methaniands CBS THRANSON (C) 1041.9 1040.1 CBS All Star (c) 597.3 586.2	Crafty State vacatoreus carder in the ventet. USBRAR 21/10 3308.45 2/1 1.22 14.5 Sealine USBRAR 21/10 3308.45 2/1 1.22 14.5 USBRAR 21/10 1.22 14.5 Talvers Scott Tiph.80 7/8 730.86 2/1 2.21 20.7 Thalling Mark 40 7/81 430.60 2/1 2.21 20.7 Thalling	Konsun exphoria spilled over and object also helped higher by year-and window the	28420 2412 7.72 8.9 some of its early lesters.
Takened HeX General (4) (4) 3220.86 3800.81 22/10 2408.28 271 2.48 13.5 interes SSET 2511 1870.79 1860.83 1658.14 2008.43 31/7 1533.10 271 2.51 17.2 CAC 40 2871.27 2874.08 2856.13 3004.01 3710 2856.07 271 interes confined to be actively leaded in the make of the expiry of its bid for substitutes Circ Benezalet and Catalant, interesting FAZ Aldian (5) (5) 1349.28 1481.44 31/7 1982.21 271 1.45 20 Contraportants (5) (6) 5940.50 4306.77 31/7 2805.00 271 DAX2* (6) 41 4121.78 4488.98 31/7 2940.77 271	Mont Zealand Cop. 40 \$1 2227,97 2227,20 Migerla SE All-Share \$1 6429,27 6410,79 Normany Oslo SE Intl \$6 \$6 2025,04 Publisher Karacki SE 1713,71 1985,91 1680,20 Descend for buy-chip passay and hel misses took numbed higher.	Ventra	nt higher on investors focused on the prospects for factor progress in Turkey's pulsates useln. BC 8232.23 8210.31 6243.28 10617.13 17710 in broad accessing higher, with a positive pair-and measures from the control bunk, where ZSE inductive. (b) (c) 6572.54, 12061.98 5/8.	986.00 2/1 1.81 18.2 enfort drive thinky 7998. 6061.50 12/3 RA 104 6607.51 18/12 96 RA 248.81 14/4 80 PA 784.88 14/4 6A BA
Proof of Adhand SE (c) 1475.22 1476.21 1794.14 8/10 BS4.54 2/1 3.05 15.7 Insel Monty Hong Hong Hong (c) 10342.44 10368.38 1698.27 7/8 9098.88 28/10 3.74 10.3 HSCC Red Chip (c) 1686.38 1696.71 4116.65 27/6 1696.38 28/10 Set Dec 20: Tahvan/ Weightand Price B164.57; Korne Comp Ex 400.19, 56 Montynal, 9 Toronto, kd Coned, kd Universités. 3 Xerne/DAX etc. do from an the prepages of the highest and lowest prices mached during the day by each stock; whereas the actual day's highs and i	Peret Lime Ben 1758.03 1756.67 1741.82 States edged higher as bergulo-bundes took november of a abory 2000 Phillippines Menia Comp (c) 1847.25 1855.68	2209-06 107 140-06 271 96 39 201 136 11.2	S-BORDERT Emplack 100 (c) 2533.31 2699.10 2794.80 7/8 FISE EIGO (c) 2231.79 2233.25 2865.85 7/8 HSBC JC Duph (d) 40 2245.77 494.83 6/8 Nei Brags Burg 138.42 138.07 138.03 198.81 9/7 LEST, Topher 1182.23; 2nd Section/vj 183.84; Thelliend; 399.00; Thefays; 3075.00; Bay official recalculation. § Yields and P/E matios are based on Optionarmum Total Medi	1983.86 277 Ng mg 1582.98 27 64 14 298.25 2870 Ng mg 138.46 12/12 64 Ng pt: 353.6 \$ The DJ Indi, index theoretical day's ust indicas. \$ Miclesseton.
NASDAQ NATIONAL MA	ARKET 1pm chose Dec 26	NASDA	Q NATIONAL MARKE	T
Compacing	Total Tota	Cather	15	Short
1905 24, 27, 27, 24, 24, 25, 24, 25, 24, 25, 24, 25, 24, 25, 24, 25, 24, 25, 24, 25, 24, 25, 24, 25, 25, 24, 25, 25, 25, 25, 25, 25, 25, 25, 25, 25	55% 55% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 4.5 15% 15% 15% 15% 15% 15% 15% 15%	Signak	Sect May Low Chee Chee Sect Max Sect	Short
	17	Date: 0.30 25 22 34% 324% 344% 41 Divine: 44 12 11% 11% -2 Divine: 5001 54 4% 54 4% Divine: 5001 54 54% 54 54 54 54 54 54 54 54 54 54 54 54 54	USS2.625 500 0.25 2.375 Integranded ST 1260 Integrand ST 1260 Integranded	Signature Sign

son

tor Mark 2011

rchase

om Januar

mologies state

Control of icare buys

n Germany

property sals

o raise £5m

Renotton des

with the

on Little

c = 1 - 2

MONDAY

29

Iranian pipe of peace



Iranian president Mohammad his first foreign visit as head of neighbouring to open a

pipeline bringing natural gas from the former Soviet republic to Iran. The line, which was financed and built by Tehran, will bring Turkmen gas from the Korpedzhe field to Kurt-Kui in Iran's populous north, and may eventually form a link in more ambitious plans to export Turkmen gas to Turkey and further afield in Europe. The event is likely to be heavy with political symbolism, as it will confirm Iran's growing economic interest in the oil and gas-rich Caspian Sea region.

Kenyan elections

President Daniel arap Moi is strongly tipped to win the second multiparty elections in Kenya's history, thanks in part to an electoral system tilted in his favour and a split opposition. The opposition, divided on tribal lines, has failed to unite behind a single candidate, and is fielding 14 separate challengers. Mr Moi's aim is to repeat his 1992 performance, when he won at least 25 per cent of the vote in five of Kenya's eight provinces, thereby avoiding a risky second-round run-off.

Chequered future

Luke McShane, 13, will be the media star at the Hastings Congress, now in its 73rd year and the chess world's longest running annual tournament. (until January 8). The City of London schoolboy is the youngest ever invited to take on the grandmasters in the Premier at the Cinque Port Hotel. The previous record-holder, Nigel Short at 14, went on to challenge for the world title, and some experts believe that McShane, already the youngest international master and the British Chess Federation's player-of-the-year, could go one better. The opposition will be no pushover, though. All but one of McShane's nine rivals are grandmasters and three of them have come straight from the world championship knockout in the Netherlands. At a less exhalted level, Hastings also stages the World Amateur Championship.

Holiday

Costa Rica, Ireland, Nepal, UK.

Talking heads

TUESDAY

Athens bosts the 18th World Universities' Debating Championships with 700 participants talking their way to a grand final on January 5.

Khatami makes Turkmenistan

New Year's Day sees the start of the 20th Paris-Dakar Rally in which 850 motorised competitors pit their vehicles against the deserts of North Africa

Photograph terror being

All downhill

The world cup men's downhill skiing event takes place in Bormio, Italy.

Pitch up

Cricket: End of the first test Australia v South Africa in Melbourne and the end of the second under-19 test between South Africa and England at Fochville.

Small things

The International Model Show and The Model Engineer Exhibition opens at Olympia in London, to January 4.

Holiday Costa Rica, El Salvador, Philippines

WEDNESDAY

Changing hands

Luxembourg relinquishes its six-month European Union presidency.

Nigerlan budget

Nigeria's 1998 fiscal budget, the year's main statement of economic policy and direction, released.

Time expired Deadline set by the Organisation for

Security and Co-operation in Europe for the implementation of results of Sarajevo's municipal elections expires.

Holidays

Argentina, Armenia, Azerbaijan, Bangladesh, Brazil, Canada, Chile,

Costa Rica, El Salvador, Finland, Germany, Guatemala, Israel, Italy, Japan, Latvia, Liechtenstein, Madagascar, Mexico, Montserrat Norway, Pakistan, Panama, Philippines, Qatar, San Marino, Sweden, Switzerland, Tahiti, Thailand US, Vatican City.

THURSDAY

Clearing the rouble

The Russian Central Bank will redenominate the rouble, cutting three zeroes off the value of each note. The aim is to help restore popular faith in the rouble, the value of which has plummeted nearly 10,000 fold since the collapse of the Soviet Union.

Grandmasters' battle



ECONOMIC DIARY

championship knockout reaches its controversia climax at the International Olympic Committee

headquarters in Lausanne, Despite protests, the holder Anatoly Karpov was seeded to a special challenge round. Last week it seemed that the Russian could meet a Briton, as the UK's top pair Michael Adams and Nigel Short were paired in a semi-final. Chess fans hope that one of the Britons or India's Vishy Anand can outwit Karpov and then play world number one Garry Kasparov, who refused to compete in the current series.

Paris-Dakar

The 20th Paris-Dakar Rally gets under way when 850 entrants in cars and trucks and on motorcycles leave Versailles. Fewer than half are likely to finish the gruelling 6,400 mile event, which includes nearly 4,000 miles of special stages. More than 100 journalists and 130 television people will record the event; 35 doctors and 30 aircraft will be ready to round up the

Telecoms rules off

The last of the barriers that have protected Europe's telecommunications monopolles is demolished, replacing cosy collaboration with fierce competition in the lucrative fixed line voice business. Now foreign companies can, subject only to national security concerns, can take unlimited stakes in domestic operators in the \$200bn market. The change is expected to provoke a struggle for market share of unprecedented savagery, reminiscent of the bloodbath in the US airline business after deregulation.

Clear for take-off

Taiwan imposes a ban on residents near airports breeding songbirds and pigeons in a move aimed at ensuring air safety.

Britain takes over the EU presidency

for six months.

UK presides

A smoking ban is imposed in all United Nations buildings throughout the

Holidays



Belgium. Bulgaria. Croatia, Czech Republic, Denmark, Cetonia. Finland. France.

Germany, Greece, Hungary, Iceland, Ireland, Italy, Lithuania, Luxembourg, Macedonia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Ukraine, UK, Yugoslavia, Argentina, Brazil, Canada, Chile, Colombia, Ecuador, Mexico, Peru, US, Venezuela, Russia, Netherlands, Bahrain, Benin, Cameroon, Central African Republic, Cyprus, Gambia. Ivory Coast, Jordan, Knwait, Lebanon, Liberia, Malta, Mauritania, Morocco, Niger, Nigeria, Senegal, South Africa, Togo, Turkey, United Arab Emirates. Zimbabwe, Australia, China, Hong Kong, Japan, New Zealand, Pakistan, Philippines, Singapore, South Korea. Sri Lanka.

FRIDAY

Veteran canvasser Largest ever exhibition of Winston Churchill's paintings goes on show at Sotheby's Bond Street, plus paintings by artists who influenced the former

British prime minister.

Holidays Bulgaria, Czech Republic, Hungary, Macedonia, Poland, Romania, Russia,

\$ income in the interest of th

Slovakia, Switzerland, Yugoslavia, Malta, Japan, New Zealand.

SATURDAY

Congo shuffle

Laurent Kabila, the president of the renamed Democratic Republic of Congo, is expected to make public the details of a cabinet reshuffle that has been under discussion for several months. The government that took power after the late Zairean president Mobutu Sese Seko fled into exile last May has been struggling to forge a common identity, torn between military men and civilians, reformed Manists and free marketeers, easterners with close ties to Rwanda and southerners with links to Angola, The reshuffle will indicate which faction is in the ascendant as Mr Kabila tightens his grip on power.

FT Investors Guide to the Year Ahead.

Holiday Japan.

SUNDAY

Interior dialogue

Ministers of interior of Arab countries hold their annual meeting in Tunis.

Hollday

Japan.

property of the state of the st

10.02 16.01 16.03 17.46 27.46 25.81 17.46 25.81 17.46 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 25.81 17.15 26.81 17.15 26.81 17.15 26.81 17.15 26.81 17.15 26.81 17.15 26.81 17.15 26.81 17.15 26.81 17.15 26.81

Compiled by Roger Beale. Fax: (+44) (0)171 873 3196.

Other economic news

Monday: Consumer prices in Belgium are expected to have remained tame in December, thanks to lower oil prices.

Tuesday: French unemployment is unlikely to have changed in November, with analysts expecting the rate to be stable at 12.5 per cent. Wednesday: Third quarter GDP growth in Italy may reflect expansion in services and production output, putting its annual rate at around 2 per cent. Thursday: Markets closed in

most countries. Friday: Broad money supply and consumer credit figures released in the UK, with November expected to show strong net growth in consumer borrowing.

Statistics to be released this week

	Released	Country	Statistic	Forecast	Actual	Helensod	Country	Statistic Forecast Actual	e,
	Mon	US	Nov exisiting home sales	4,39m	.4.40m	Wed	Finland	Oct gross domestic product 5.7%	٦
	Tec 29	Brazil	Dec IGP-M Nov 21-Dec 20 FGV	0.40%	0.53%	Dec 31	Italy	C3 final gross domestic product 0.4% 0.4%	
		Belgium	Dec consumer price index* prelim	0.2%	0.3%		Italy	Q3 final gross domestic product* 1.9% 1.9%	$\overline{\cdot}$
•		Belgium	Dec consumer price index** prelim	1.4%	1.4%	Fri	Germany	Dec purchasing managers indext 57.80	- (
•	Tues	France	Nov unemployment rate	12.5%	12.5%	Jan 2	UK ·	Dec Cleart Ins of Purchasing Managers 53.9%	-
٠	Dec 30	France .	Nov jobseekers* .	0.1%	-0.4%		UK	Nov consumer credit 901m	::
•		France	Dec industrial survey	17	17		US	Dec Nat Ass of Purchasing Managers 59.5% 54.4%	- :
		Sweden	Nov trade balance	SKr12.1bn	SKr12.4bn		US	Dec domestic auto sales 6.6m 6.5m	ं
		Sweden	Oct Labour costs		3.7%		US	Dec domestic light truck sales 6.5m 6.7m	·
		US_	Bank of Tokyo-Mitaubishi Dec 27		N/A	During t	he week		•
		US	Dec Chicago PMI†.	57.8%	59.5%		Switzind	Dec federal consumer price index* 0.1% 0.0%	Ž
		US	Nov leading indicators	0.1%	0.1%R		SwitzInd	Dec federal consumer price index 0.4% 0.4%	Ĩ
٠		ŲS .	Redbook Dec 27		N/A		Germany	Nov VDMA machinery orders 10.0%	ं
		US	Dec agricutture prices		Unch		Germany	Nov net foreign bond purchases DM-2.4bn	÷
						भागाता क्षाया	ooth, "year or	year, ""atr on atr, † sessonally adjusted Statistics, Standard & Poor's Mil.	s

1 One on target to get mar-ried to Noah? (8) 5 Pair left in car (6) 9 Put money back into check waistcoat from America (6) 10 Heartless boy, left in the

past (6) 11 Hardest way with 8 man of

11 Hardest way with a man of importance it's said (8)
12 A prop on the beach (6)
14 Memo: plenty available for training in the work (10)
18 The price of taking one out of sensible arrangement is weakness (10)

22 Last under-developed point

(6)
23 At home in safe job (8)
24 Coaches one in short version (6)
25 Parish is destroyed by flying machines (8)
26 Odd sort of jewel, but it's a few attraction (6) fair attraction (6)
27 Thought the world of one old-fashioned team (8)

DOWN
1 Service absorbs alternative

1 Service absorbs alternative sticky patch (6)
2 Irish terrorists disturbed by the German invader (6)
3 Gavin's been converted and is redeeming others (6)
4 Mess about in compliance with judgment (10)
6 Classical judgment (2)

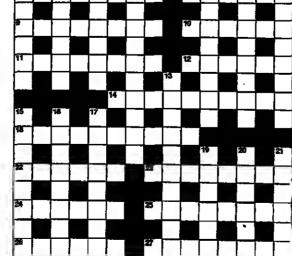
Classical journeys (8) Given major uplift perhaps?

(8) Steel structure protects men from rain and snow (8)

13 Arranged in categories that are not available to the public (10) 15 A fellow about to defect from camp (6) 16 Ribbon for principal

orchestra (8) 17 City girl (8) 19 Sly creature gets to West Stand (6) Advertise ent about uni-

versity and its examina-tions (6) Thoroughly acquainted with the poetry of Germany (6)



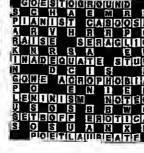
WINNERS 9,558: M. Turner, Shipley, West Yorksbire; Mrs F.E. Crozier, Taunton, Somerset; J.M. Mackie, Wey-bridge, Surrey, M.R.G. Nicholls, Caterham, Surrey,

MONDAY PRIZE CROSSWORD No.9,567 Set by ADAMANT

Six bottles of Davys Celebration Champagne for the first correct solution opened and three runner-up prizes of £40 Davys food and wine vouchers redeemable in person or by post. These prizes are available only to winners living in England, Scotland and Wales. Winners with overseas addresses will receive a set of silver-plated place name bases and cards. Solutions by Thursday January 8, marked Monday Crossword 9,567 on the envelope, to the Financial Times, 1 Southwark Bridge, London SEI 9HL. Solution on Monday January 12. Please allow 28 days for delivery of victors.

for delivery of prizes.

Solution 9,558





Feel Pitch by Tacky
of the 227

Pool of 227 Francisco (1986) 1.39 (1986) 1 10.50

JOTTER PAD

هكذا من الاعل